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INTRODUCTION

The 1980s saw a determined effort to implement the '3Es' of economy, efficiency and effectiveness at all levels of British government. The 'new public management', a movement limited to neither the '3Es' nor to Britain, has the following central doctrines: a focus on management, not policy, and on performance appraisal and efficiency; the disaggregation of public bureaucracies into agencies which deal with each other on a user-pay basis; the use of quasi-markets and contracting out to foster competition; cost-cutting; and a style of management which emphasizes, amongst other things, output targets, limited term contracts, monetary incentives and freedom to manage. (For a fuller discussion see Hood, this issue, pp. 4-5 from whom this list is paraphrased).

Recognizing that this development was one of the more distinctive features of Conservative policy during the 1980s, the Government and Law Committee of the Economic and Social Research Council (ESRC) mounted, in 1985, a research initiative which focused on 'current changes in the system of government and in particular on the need to develop both organization and methods of operation in the public sector in ways which promise more effective performance of functions and more efficient use of resources'.

The initiative explored six main themes: the management movement in government, sources and interpretation; equipping staff for management functions and the variability of management needs; efficiency and effectiveness; dispersion and concentration of responsibilities; organizational change and design; and political and constitutional effects.

The ESRC funded a three-year programme within a total budget of £350,000 (1985 prices) comprising seven projects, two of which were completed in 1988-9 and the remaining five were completed in 1989-90. This special issue draws together the results of the initiative. It does not seek to provide a definitive characterization of the new public management. It does try to provide an analytical picture of developments in Britain in the 1980s.

In order to avoid the worst excesses of parochialism, the editor invited Christopher Hood (London School of Economics and Political Science) to place British developments in a wider context and to reflect upon the significance of British experience. Thereafter, the rest of this special issue concentrates on providing a summary of the objectives, methods and results of each project.

Andrew Dunsire and Keith Hartley (University of York) test the validity of economic theories of the relationship between organizational status and performance. They explore the proposition that the change from public to private status leads to an improvement in performance. Their data provides only limited support for this proposition.

The schedule for the publication of this special issue was tight and the editor would like to thank all contributors for the prompt delivery of their manuscripts. The referees deserve special mention for the speed of their responses. Martin Kender (ESRC) both encouraged the endeavour and provided background information on the initiative.

2 INTRODUCTION

Andrew Gray and Bill Jenkins (University of Kent) explore the development of accountable management in central government, focusing on the Financial Management Initiative (FMI). Although there have been some significant changes in managerial practice, especially in resource management, progress has been steady rather than dramatic and focused on cost management.

Christopher Pollitt (Brunel University) and his several colleagues explore the impact of the introduction of general management on the national health service (NHS). They find that the managerial hierarchy has been formalized, responsibilities have been clarified and the local level has been given a measure of autonomy. However, the key relationship between management and the medical profession has not altered significantly. Short term financial pressure tends to push out issues concerned with the quality of the service and top management is reactive rather than providing leadership.

Neil Carter reviews the role of performance indicators comparing the several attempts to improve management in the public sector with their use in the private sector. He concludes that the problems of performance indicators are not related to the distinction between the public and private sector. Systems of performance indicators are successful when they are comprehensible and usable. They must be parsimonious, provide data quickly thereby helping managers to make decisions, and be 'customized' or designed to meet the specific needs and characteristics of the organization.

Tony Bovaird and his colleagues (University of Aston) compare approaches to performance management in a range of public sector bodies. They find, for example, that FMI has facilitated the implementation of performance appraisal in local economic development agencies. However, the various public sector bodies tend to emphasize economy and efficiency over effectiveness and equity in implementing the new systems of appraisal.

Mary Henkel (Brunel University) compares the respective roles of the Audit Commission, private sector management consultants and the Social Services Inspectorate in evaluating government policy. She concludes that managerial criteria of evaluation are in the ascendant and, most notably, that professional criteria of evaluation have been successfully challenged.

It is obvious that political commitment at the highest level was crucial to maintaining the drive to improve public sector management. It is perhaps more important to note that good management has become almost a synonym for cost cutting and that this narrow conception of management has not yet transformed the culture of Whitehall; change is only skin deep. For all the political persistence and the ever thickening alphabet soup of managerial acronyms, the managerial revolution in British government has fragile foundations. The ESRC's research initiative documents the many but partial successes of the new public management in Britain but it also cautions against any facile generalization about managerial revolutions. Any change has been hard won. Its permanence is not guaranteed. The search for 'good management', however that elusive phrase is defined, is a search for the Holy Grail - ever reached for, never grasped.

RAWR

A PUBLIC MANAGEMENT FOR ALL SEASONS?

CHRISTOPHER HOOD

This article discusses: the doctrinal content of the group of ideas known as 'new public management' (NPM); the intellectual provenance of those ideas; explanations for their apparent persuasiveness in the 1980s; and criticisms which have been made of the new doctrines. Particular attention is paid to the claim that NPM offers an all-purpose key to better provision of public services. This article argues that NPM has been most commonly criticized in terms of a claimed contradiction between 'equity' and 'efficiency' values, but that any critique which is to survive NPM's claim to 'infinite reprogrammability' must be couched in terms of possible conflicts between *administrative* values. The conclusion is that the ESRC's 'Management in Government' research initiative has been more valuable in helping to identify rather than to definitively answer, the key conceptual questions raised by NPM.

THE RISE OF NEW PUBLIC MANAGEMENT (NPM)

The rise of 'new public management' (hereafter NPM) over the past 15 years is one of the most striking international trends in public administration. Though the research reported in the other papers in this issue refers mainly to UK experience, NPM is emphatically not a uniquely British development. NPM's rise seems to be linked with four other administrative 'megatrends', namely:

- (i) attempts to *slow down or reverse government growth* in terms of overt public spending and staffing (Dunsire and Hood 1989);
- (ii) the shift toward *privatization and quasi-privatization* and away from core government institutions, with renewed emphasis on 'subsidiarity' in service provision (cf. Hood and Schuppert 1988; Dunleavy 1989).
- (iii) the development of *automation*, particularly in information technology, in the production and distribution of public services; and
- (iv) the development of a more *international* agenda, increasingly focused on general issues of public management, policy design, decision styles and inter-governmental cooperation, on top of the older tradition of individual country specialisms in public administration.

(These trends are discussed further in Hood 1990b).

NPM, like most administrative labels, is a loose term. Its usefulness lies in its convenience as a shorthand name for the set of broadly similar administrative doctrines which dominated the bureaucratic reform agenda in many of the OECD

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group of countries from the late 1970s (see Aucoin 1990; Hood 1990b; Pollitt 1990).

Although ill-defined, NPM aroused strong and varied emotions among bureaucrats. At one extreme were those who held that NPM was the only way to correct for the irretrievable failures and even moral bankruptcy in the 'old' public management (cf. Keating 1989). At the other were those who dismissed much of the thrust of NPM as a gratuitous and philistine destruction of more than a century's work in developing a distinctive public service ethic and culture (cf. Martin 1988; Nethercote 1989b).

NPM's rise also sparked off debate as to how the movement was to be labelled, interpreted and explained. What exactly was the public management Emperor now wearing? Where did the design come from, and did its novelty lie mainly in presentation or in content? Why did it find favour? Was it an all-purpose and all-weather garment? This article attempts to discuss these questions, with particular attention to the last one.

WHAT THE EMPEROR WAS WEARING: THE DOCTRINES OF NPM

Different commentators and advocates of NPM have stressed different aspects of doctrine. But the seven overlapping precepts summarized in table 1 below appear in most discussions of NPM. Over the last decade, a 'typical' public sector policy delivery unit in the UK, Australia, New Zealand and many other OECD countries would be likely to have had some exposure to most of these doctrines. But not all of the seven elements were equally present in all cases; nor are they necessarily fully consistent, partly because they do not have a single intellectual provenance.

TABLE 1 Doctrinal components of new public management

No.	Doctrine	Meaning	Typical justification
1	<i>'Hands-on professional management' in the public sector</i>	Active, visible, discretionary control of organizations from named persons at the top, 'free to manage'	Accountability requires clear assignment of responsibility for action, not diffusion of power
2	<i>Explicit standards and measures of performance</i>	Definition of goals, targets, indicators of success, preferably expressed in quantitative terms, especially for professional services (cf. Day and Klein 1987; Carter 1989)	Accountability requires clear statement of goals; efficiency requires 'hard look' at objectives
3	<i>Greater emphasis on output controls</i>	Resource allocation and rewards linked to measured performance; breakup of centralized bureaucracy-wide personnel management	Need to stress <i>results</i> rather than <i>procedures</i>

Table 1 continued

No.	Doctrine	Meaning	Typical justification
4	Shift to <i>disaggregation</i> of units in the public sector	Break up of formerly 'monolithic' units, unbundling of U-form management systems into corporatized units around products, operating on decentralized 'one-line' budgets and dealing with one another on an 'arms-length' basis	Need to create 'manageable' units, separate <i>provision</i> and <i>production</i> interests, gain efficiency advantages of use of contract or franchise arrangements <i>inside</i> as well as outside the public sector
5	Shift to greater <i>competition</i> in public sector	Move to term contracts and public tendering procedures	<i>Rivalry</i> as the key to lower costs and better standards
6	<i>Stress on private-sector styles of management practice</i>	Move away from military-style 'public service ethic', greater flexibility in hiring and rewards; greater use of PR techniques	Need to use 'proven' private sector management tools in the public sector
7	Stress on greater <i>discipline</i> and <i>parsimony</i> in resource use	Cutting direct costs, raising labour discipline, resisting union demands, limiting 'compliance costs' to business	Need to check resource demands of public sector and 'do more with less'

WHERE THE DESIGN CAME FROM: NPM AS A MARRIAGE OF OPPOSITES

One way of interpreting NPM's origins is as a marriage of two different streams of ideas. One partner was the 'new institutional economics'. It was built on the now very familiar story of the post-World War II development of public choice, transactions cost theory and principal-agent theory – from the early work of Black (1958) and Arrow (1963) to Niskanen's (1971) landmark theory of bureaucracy and the spate of later work which built on it.

The new institutional economics movement helped to generate a set of administrative reform doctrines built on ideas of *contestability*, *user choice*, *transparency* and close concentration on *incentive structures*. Such doctrines were very different from traditional military-bureaucratic ideas of 'good administration', with their emphasis on orderly hierarchies and elimination of duplication or overlap (cf. Ostrom 1974).

The other partner in the 'marriage' was the latest of a set of successive waves of business-type 'managerialism' in the public sector, in the tradition of the international

scientific management movement (Merkle 1980; Hume 1981; Pollitt 1990). This movement helped to generate a set of administrative reform doctrines based on the ideas of '*professional management*' expertise as *portable* (Martin 1983), *paramount* over technical expertise, requiring high *discretionary power* to achieve results ('free to manage') and *central* and *indispensable* to better organizational performance, through the development of appropriate cultures (Peters and Waterman 1982) and the active measurement and adjustment of organizational outputs.

Whether the partners in this union were fully compatible remains to be seen. 'Free to manage' is a rather different slogan from 'free to choose'. The two can conflict, particularly where the NPM revolution is led from above (as it was in the UK) rather than from below. The relative dominance of the two partners varied in different countries even within the 'Westminster model' tradition (cf. Hood 1990c). For example, in the unique circumstances of New Zealand, the synthesis of public choice, transactions cost theory and principal-agent theory was predominant, producing an analytically driven NPM movement of unusual coherence. But in the UK and Australia business-type managerialism was much more salient, producing a more pragmatic and less intellectually elegant strain of NPM or 'neo-Taylorism' (Pollitt 1990, p. 56). Potential frictions between these partners were not resolved by any single coherent or definitive exposition of the joint philosophy. Indeed, the New Zealand Treasury's *Government Management* (1987) comes closest to a coherent NPM 'manifesto', given that much of the academic literature on the subject either lacks full-scale elaboration or enthusiastic commitment to NPM.

WHY NPM FOUND FAVOUR: THE ACCEPTANCE FACTOR

There is no single accepted explanation or interpretation of why NPM coalesced and why it 'caught on' (cf. Hood 1990b; Hood and Jackson 1991 forthcoming, ch. 8). Many academic commentators associate it with the political rise of the 'New Right'. But that on its own does not explain why these particular doctrines found favour, nor why NPM was so strongly endorsed by Labour governments ostensibly opposed to the 'New Right', notably in Australia and New Zealand. Among the possible explanations are the following four.

First, for those who take a sceptical view of administrative reform as a series of evanescent fads and fashions, NPM's rise might be interpreted as a sudden and unpredictable product of 'loquocentric' success (Minogue 1986). (Spann (1981) offers a classic statement of the 'fashion' interpretation of administrative reform.) 'Cheap, superficial and popular', like the industrial 'rationalization' doctrines of the 1930s (Hannah 1976, p. 38, fn. p. 34), NPM had many of the necessary qualities for a period of pop management stardom. A 'whim of fashion' interpretation has some attractions, and can cope with the cycles and reversals that took place within NPM – for instance, the radical shift in the UK, from the 'Heseltine creed' of *Ministers* as the hands-on public managers to the 'Next Steps' corporatization creed of professional managers at the top, with ministers in a strictly 'hands-off' role (cf. also Sturgess 1989). But equally, the weakness of a simple 'whim of fashion' explanation is that it does not account for the relative *endurance* of many of the seven precepts identified in table 1 over more than a decade.

An equally sceptical explanation, but one which better accommodates the recurring or enduring features of many aspects of NPM, is the view of NPM as a 'cargo cult' phenomenon – the endless rebirth, in spite of repeated failures, of the idea that substantive success ('cargo') can be gained by the practice of particular kinds of (managerial) ritual. Downs and Larkey (1986) describe a recurring cycle of euphoria and disillusion in the promulgation of simplistic and stereotyped recipes for better public management in the USA, which shows striking similarities with the well-documented cargo cults of Melanesia (Lawrence 1964; Worsley 1968). However, this explanation cannot tell us why the NPM variant of the recurring public management 'cargo cult' appeared at the time that it did, rather than at any other.

A third, less sceptical, approach might be to view the rise of NPM through Hegelian spectacles and interpret it as an epoch-making attraction of opposites. The opposites in this case are two historically distinct approaches to public administration which are in a sense fused in NPM. One is the German tradition of state-led economic development (*Volkswirtschaft*) by professional public managers, with its roots in cameralism (Small 1909). The other is the Anglo-Saxon tradition of liberal economics, allied with a concern for matching self-interest with duty in administration, that has its roots in utilitarianism (Hume 1981). But, like the 'cargo cult' interpretation, the 'synthesis of opposites' interpretation on its own does not help us to understand why those two distinct public administration traditions should have united *at this particular time* rather than at any other.

A fourth and perhaps more promising interpretation of the emergence of NPM is as a response to a set of special social conditions developing in the long peace in the developed countries since World War II, and the unique period of economic growth which accompanied it (see Hood 1990b and 1991 forthcoming). Conditions which may have helped to precipitate NPM include:

- changes in income level and distribution serving to weaken the 'Tocqueville coalition' for government growth in the electorate, and laying the conditions for a new tax-conscious winning electoral coalition (Tocqueville 1946, p. 152; Peacock 1979; Meltzer and Richard 1981);
- changes in the socio-technical system associated with the development of the lead technologies of the late twentieth-century Kondratiev cycle ('post-industrialism', 'post-Fordism'), serving to remove the traditional barriers between 'public sector work' and 'private sector work' (cf. Bell 1973; Piore and Sabel 1984; Jessop 1988).
- A shift towards 'new machine politics', the advent of a new campaign technology geared towards making public policy by intensive opinion polling of key groups in the electorate, such that professional party strategists have greater clout in policy-making relative to the voice of experience from the bureaucracy (cf. Mills 1986; Hood 1990c, p. 206).
- a shift to a more white-collar, socially heterogeneous population less tolerant of 'statist' and uniform approaches in public policy (cf. Hood and Schuppert 1988, p. 250–2).

The fourth explanation is somewhat 'overdetermined', but it seems more promising than the other three in that it has the power to explain what none of the others can do, namely why NPM should have emerged in the particular time and place that it did and under a variety of different auspices.

AN ALL-PURPOSE GARMENT? NPM's CLAIM TO UNIVERSALITY

Like many previous administrative philosophies, NPM was presented as a framework of general applicability, a 'public management for all seasons'. The claim to universality was laid in two main ways.

Portability and diffusion. First, much the same set of received doctrines was advanced as the means to solve 'management ills' in many different contexts – different organizations, policy fields, levels of government, countries. From Denmark to New Zealand, from education to health care, from central to local government and quangos, from rich North to poor South, similar remedies were prescribed along the lines of the seven themes sketched out in table 1. Universalism was not complete in practice; for instance, NPM seems to have had much less impact on international bureaucracies than on national ones, and less on controlling departments than on front-line delivery units. Moreover, much was made of the need for local variation in management styles – so long as such variations did not challenge the basic framework of NPM (Pollitt 1990, pp. 55–6). For critics, however, much of the 'freedom to manage' under NPM was that brand of freedom in which whatever is not forbidden tends to be compulsory (Larsen 1980, p. 54); and the tendencies to uniformity and 'cloning' under FMI points to possible reasons for the decline of FMI and its supersession by the corporatization creed of 'Next Steps.'

Political neutrality. Second, NPM was claimed to be an 'apolitical' framework within which many different values could be pursued effectively. The claim was that different political priorities and circumstances could be accommodated by altering the 'settings' of the management system, without the need to rewrite the basic programme of NPM. That framework was not, according to NPM's advocates, a machine exclusively tunable to respond to the demands of the New Right or to any one political party or programme (see, for example, Scott Bushnell and Saltee 1990, p. 162; Treasury and Civil Service Committee 1990, pp. ix, 22, 61). In this respect, NPM followed the claims to universality of traditional Public Administration, which also purported to offer a neutral and all-purpose instrument for realizing whatever goals elected representatives might set (Ostrom 1974; Thomas 1978; Hood 1987).

COUNTER-CLAIMS: CRITICS OF NPM

If NPM has lacked a single definitive 'manifesto', the ideas of its critics are equally scattered among a variety of often ephemeral sources. Most of the criticisms of NPM have come in terms of four main counter-claims, none of which have been definitively tested, in spite of the ESRC's 'Management in Government' initiative.

The first is the assertion that NPM is like the Emperor's New Clothes in the well-known Hans Andersen story – all hype and no substance, and in that sense a true product of the style-conscious 1980s. From this viewpoint, the advent of new managerialism has changed little, apart from the language in which senior public 'managers' speak in public. Underneath, all the old problems and weaknesses remain. Implicitly, from this viewpoint, the remedy lies in giving NPM some real substance in order to move from 'smoke and mirrors' to reality – for example, in making output contracts between ministers and chief executives legally binding or in breaking up the public service employment structure, as has happened in New Zealand (cf. Hood and Jones in Treasury and Civil Service Committee 1989–90).

The second is the assertion that NPM has damaged the public service while being ineffective in its ability to deliver on its central claim to lower costs per (constant) unit of service. Critics of this type suggest that the main result of NPM in many cases has been an 'aggrandizement of management' (Martin 1983) and a rapid middle-level bureaucratization of new reporting systems (as in the remarkable growth of the 'performance indicator industry'). Budgetary and control framework changes such as 'top-slicing' and 'creative accounting' serve to destabilize the bureaucracy and to weaken or destroy elementary but essential competences at the front line (see, for instance, Nethercote 1989b, p. 17; Nethercote 1989c). From this viewpoint, the remedy lies in applying to the NPM *system* the disciplines that it urges upon service-delivery bureaucracies but so signally fails to impose on itself – particularly in strict resource control and the imposition of a battery of published and measurable performance indicators to determine the overall costs and benefits of the system.

The third common criticism is the assertion that NPM, in spite of its professed claims to promote the 'public good' (of cheaper and better public services for all), is actually a vehicle for *particularistic* advantage. The claim is that NPM is a self-serving movement designed to promote the career interests of an élite group of 'new managerialists' (top managers and officials in central controlling departments, management consultants and business schools) rather than the mass of public service customers or low-level staff (Dunleavy 1985; Yeatman 1987; Kelleher 1988; Pollitt 1990, pp. 134–7). Implicitly, the remedy suggested by these criticisms is to have disproportionate cutbacks on 'managerial' rather than on 'operational' staff (cf. Martin 1983), and measures to 'empower' consumers, for instance by new systems of direct democracy (cf. Pollitt 1990, pp. 183–4).

The fourth line of criticism, to which most attention will be paid in the remainder of this paper, is directed towards NPM's claim of *universality*. Contrary to NPM's claim to be a public management for all seasons, these critics argue that different administrative values have different implications for fundamental aspects of administrative design – implications which go beyond altering the 'settings' of the systems.

In order for their counter-claim to have any significance, it must be able to survive obvious objections. First, it must be able to show that the objection is more than a semantic quibble about where the line comes between a different programme

and a change of 'settings'. For that, it must be able to show that the incompatibility problem lies in NPM's 'hard core' research programme rather than in its 'elaborative belts' (Lakatos 1970). Second, it must be able to show that it is more than a trivial and obvious proposition. In order to survive this objection, it needs to show that there are different management-system implications of different *mainstream*, relatively orthodox values, without reference to values at the extremes of the orthodox belief spectrum (since it needs no elaborate treatise to show that different 'fundamentalist' values have different implications for public management). Third, the 'incompatibility' argument needs to rest on a plausible case that an 'all-purpose culture' either does not exist or cannot be engineered into existence. Unless it can do so, it risks being dismissed for mechanically assuming that there is a particular set of administrative design-characteristics which goes with the ability to achieve a particular set of values. Finally, it needs to show that the debate relates to *administrative* values – values that relate to conventional and relatively narrow ideas about 'good administration' rather than to broader ideas about the proper role of the state in society. Unless the critique of the 'all seasons' quality of NPM relates to administrative values in this sense, it risks being dismissed simply as an undercover way of advocating different *political values* from those currently held by elected governments. A case built on such a basis would not essentially be an administrative design argument, and would neither demonstrate that NPM is incapable of being adapted to promote alternative political values nor that NPM is a false recipe for achieving the narrow 'efficiency' values of the current orthodox agenda.

Most of the orthodox criticisms of NPM in this vein are vulnerable to counter-attack from this last objection. Most academic attacks on NPM have questioned NPM's universality by focusing on the equity costs of a preoccupation with cost-cutting and a focus on 'bottom line ethics' (Jackson 1989, p. 173). For instance, a focus on outputs allied with heavy 'hands-on' demands on managers is often claimed to downgrade equity considerations, particularly in its implications for the ability of female managers to reach top positions in the public service (cf. Bryson 1987; Pollitt 1990, pp. 141–2). A focus on disaggregation and a private-sector PR style is likewise often claimed to reduce the accessibility of public services by increasing the complexity and opacity of government (Nethercote 1990c), and increasing the scope for buck-passing and denial of responsibility, especially for disadvantaged consumers. However, any simple dichotomy between 'efficiency' and 'equity' can be countered by NPM's advocates on the grounds that 'efficiency' can be conceived in ways which do not fundamentally conflict with equity (cf. Wilenski 1986), and that equity values could perfectly well be programmed in to the target-setting and performance indication process, if there was strong enough political pressure to do so.

THREE CLUSTERS OF ADMINISTRATIVE VALUES

In administrative argument in the narrow sense, the rival values in play typically do not fall into a neat dichotomy. At least three different 'families' of values commonly appear in debates about administrative design, and these are summarized

in table 2 below (cf. Hood and Jackson 1991 forthcoming). Broadly, the 'sigma' family of values relates to *economy* and *parsimony*, the 'theta' family relates to *honesty* and *fairness*, and the 'lambda' family relates to *security* and *resilience*.

TABLE 2 Three sets of core values in public management

	<i>Sigma-type values</i> KEEP IT LEAN AND PURPOSEFUL	<i>Theta-type values</i> KEEP IT HONEST AND FAIR	<i>Lambda-type values</i> KEEP IT ROBUST AND RESILIENT
STANDARD OF SUCCESS	<i>Frugality</i> (matching of resources to tasks for given goals)	<i>Rectitude</i> (achievement of fairness, mutuality, the proper discharge of duties)	<i>Resilience</i> (achievement of reliability, adaptivity, robustness)
STANDARD OF FAILURE	<i>Waste</i> (muddle, confusion, inefficiency)	<i>Malversation</i> (unfairness, bias, abuse of office)	<i>Catastrophe</i> (risk, breakdown, collapse)
CURRENCY OF SUCCESS AND FAILURE	<i>Money and time</i> (resource costs of producers and consumers)	<i>Trust and entitlements</i> (consent, legitimacy, due process, political entitlements)	<i>Security and survival</i> (confidence, life and limb)
CONTROL EMPHASIS	<i>Output</i>	<i>Process</i>	<i>Input/Process</i>
SLACK	<i>Low</i>	<i>Medium</i>	<i>High</i>
GOALS	<i>Fixed/Single</i>	<i>Incompatible 'Double bind'</i>	<i>Emergent/Multiple</i>
INFORMATION	Costed, segmented (commercial assets)	Structured	Rich exchange, collective asset
COUPLING	<i>Tight</i>	<i>Medium</i>	<i>Loose</i>

The trio corresponds roughly to the management values used by Susan Strange (1988, pp. 1–6) in her account of the evolution of different regimes in the international sphere; and at least two of the three correspond to the groups of values given by Harmon and Mayer (1986, pp. 34–53) in their well-known account of the normative context of public sector organization. It cannot be claimed that these values are esoteric or extreme, or that they are not 'administrative' values.

Sigma-type values: match resources to defined tasks. In the 'sigma' family come administrative values connected with the matching of resources to narrowly defined tasks and circumstances in a competent and sparing fashion. Such values are central, mainstream and traditional in public management. From this viewpoint, frugality of resource use in relation to given goals is the criterion of success, while failure is counted in terms of instances of avoidable waste and incompetence. If sigma-type values are emphasized, the central concern is to 'trim fat' and avoid 'slack'.

Classic expressions of sigma-type values include:

- (i) 'just-in-time' inventory control systems (which avoid tying up resources in storing what is not currently needed, pushing the onus of accessible storage and rapid delivery on to suppliers);
- (ii) payment-by-results reward systems (which avoid paying for what is not being delivered); and
- (iii) administrative 'cost engineering' (using resources sparingly to provide public services of no greater cost, durability or quality than is absolutely necessary for a defined task, without excessive concern for 'externalities').

The principal 'coin' in which success or failure to realize sigma-type values is measured is time and money, in resource costs of consumers and producers.

It can be argued that an orthodox design for realizing sigma-type values would closely parallel the 'mechanistic' structures which have frequently been identified in contingency theory as applicable to defined and stable environmental conditions (cf. Burns and Stalker 1961; Lawrence and Lorsch 1967). Since the 'sigma' group of values stresses the matching of resources to defined objectives, the setting of fixed and 'checkable' goals must be central to any design for realizing such values. The fewer incompatible objectives are included, the more readily can unnecessary fat be identified and removed. Equally, the more that the control emphasis is on output rather than on process or input, the more unambiguous the waste-finding process can be. To make output control a reality, two features are necessary. One is a heavy emphasis on output databases. Such an emphasis in turn requires a technological infrastructure of reporting which will tend to make each managerial unit 'tightly coupled' in informational terms. The other is the sharp definition of responsibilities, involving separation of 'thinking' and 'executing' activities and the breakup of organizations into separate, non-overlapping parts, to come as close as possible to the ideal of single-objective, trackable and manageable units. It follows that information in such a control system will be highly segmented and valuable, so that it will be guarded with extreme care and traded rather than given away. These design characteristics map closely on to the recipes offered by the corporate management strain of NPM.

Theta-type values: honesty, fairness, mutuality. 'Theta-type' connotes values broadly relating to the pursuit of honesty, fairness and mutuality through the prevention of distortion, inequity, bias, and abuse of office. Such values are also central and traditional in public management, and they are institutionalized in appeal mechanisms, public reporting requirements, adversary bureaucracies,

independent scrutiny systems, attempts to socialize public servants in something more than 'bottom line ethics' or a high 'grovel count' (Self 1989). From this viewpoint, success is counted in terms of 'rectitude', the proper discharge of duties in procedural and substantive terms, while failure is measured in terms of 'malversation' in a formal or substantive sense. If theta-type values are placed at centre stage, the central concern is to ensure honesty, prevent 'capture' of public bodies by unrepresentative groups, and avoid all arbitrary proceedings.

Classic expressions of theta-type values include:

- (i) recall systems for removing public officials from office by popular vote;
- (ii) 'notice and comment' and 'hard look' requirements in administrative law (Birkinshaw, Harden and Lewis 1990, p. 260);
- (iii) independent anti-corruption investigatory bodies such as the 1987-9 Fitzgerald Inquiry which effectively brought down the Queensland government in 1989 (cf. Prasser, Wear and Nethercote 1990).

The 'coin' in which success or failure is measured according to theta-type values may be partly related to 'balance sheet' items (insofar as dishonesty and abuse of office is often linked with palpable waste of resources), but also involves less tangible stakes, notably public trust and confidence and the ability to exercise citizenship effectively.

Putting theta-type values at the centre of the stage has implications for organizational design which are different from an emphasis on 'sigma-type' values. Where honesty and fairness is a primary goal, the design-focus is likely to be on process-controls rather than output controls. Goals, too, are less likely to be single in nature. 'Getting the job done' in terms of aggregate quantities is likely to be supplemented by concerns about *how* the job is done (cf. March and Olsen 1989, pp. 47-52).

Hence 'double bind' elements (Hennestad 1990) may be central to goal setting, with line management under complex cross-pressures and with control operating through a shifting-balances style (Dunsire 1978). The cross pressures and 'double bind' process may operate through the activities of independent adversary bureaucracies, rather than with corporate objectives settled in a single place - for example, in the Hong Kong style of independent anti-corruption bodies. Similarly, concern with process may cause the emphasis to go on the achievement of maximum *transparency* in public operations - for example, extensive public reporting requirements, 'angels' advocates' (the practice of incorporating representatives of 'public interest' groups on corporate boards), freedom of information laws, 'notice and comment' procedures, rather than simple 'bottom line ethics'.

Indeed, the logical conclusion of putting theta-type values first in designing public management would be to minimize the ability of those in high office to sell or distort public decisions as a result of 'capture' by particular groups - for example, by the entrenchment of adversarial processes within the bureaucracy or by greater use of direct democracy in public decision-making (Walker 1986; Pollitt 1990, pp. 183-4).

Lambda-type values: reliability, robustness, adaptivity. 'Lambda-type' values relate to resilience, endurance, robustness, survival and adaptivity - the capacity to

withstand and learn from the blows of fate, to avoid 'competency traps' in adaptation processes (Levitt and March 1988; Liebowitz and Margolis 1990), to keep operating even in adverse 'worst case' conditions and to adapt rapidly in a crisis.

Expectations of security and reliability are central to traditional public administration values, and have often been associated with the choice of public rather than private organization for the provision of a hazard-related task. Perhaps the classic historical case is of the Venetian arsenal and *Tana* as instruments for ensuring the security of Venice's maritime power by direct state production of ropes and vessels (cf. Lane 1966).

From the viewpoint of lambda-type values, success is counted in terms of resilience and reliability, while failure is measured in terms of catastrophe, breakdown and learning failure. If lambda-type values are placed at centre stage, the central concern is to avoid system failure, 'down time', paralysis in the face of threat or challenge.

Classic expressions of lambda-type values include:

- (i) *redundancy*, the maintenance of back-up systems to duplicate normal capacity;
- (ii) *diversity*, the maintenance of quite separate, self-standing units (to avoid 'common mode failure', whether in technical terms or in terms of 'groupthink'); and
- (iii) *robustness*, use of greater amounts of materials than would ordinarily be necessary for the job (cf. Health and Safety Executive 1988, p. 11).

The 'coin' in which success or failure is measured in lambda-type values includes security, survival and the robustness of basic assumptions about social defence mechanisms.

Orthodox discussions of learning problems and catastrophes tend to focus on specific failings of individuals rather than systemic or structural factors in organizational design (Turner *et al.* 1989, p. 3). But some tentative pointers to the administrative design implications of putting lambda-type values at centre stage can be gleaned from three closely related literatures: 'contingency theory' ideas about structural factors related to highly uncertain environments (cf. Lawrence and Lorsch 1967); the literature on the organization of socially created disasters (Dixon 1976; Turner 1976 and 1978; Perrow 1984); and the developing and related literature on 'safety culture' (Westrum 1987; Turner *et al.* 1989).

Some of the ideas to be found in this literature about the engineering of adaptivity and error-avoidance are contradictory. A case in point is the debate about 'anticipation' versus 'resilience' (Wildavsky 1988). Moreover, Perrow (1984) claims that for some technologies, administrative design for error-avoidance is impossible, even if safety is highly valued. However, much of this literature tends to relate error-generation, capacity for resilience and learning failures to three elements of institutional structure

- (i) degree of *integration* – the extent to which interdependent parts of the system are linked in decision and information terms rather than isolated into separate compartments, each trying to insulate itself independently against system failure;

- (ii) degree of *openness* in the culture or management system, avoiding authoritarian barriers to lateral or systemic thinking and feedback or learning processes; and
- (iii) the extent to which there are systemic pressures for *misinformation*, rather than sharing of information, built in to the organizational process.

From the perspective of this literature, an organizational design which maximized lambda-type values would need to involve: multiple-objective rather than single-objective organization (van Gunsteren 1976, p. 61); a relatively high degree of 'slack' to provide spare capacity for learning or deployment in crisis; a control framework which focused on input or process rather than measured output in order to avoid building up pressures for misinformation; a personnel management structure which promoted cohesion without punishing unorthodox ideas; a task division structure organized for systemic thinking rather than narrow compartmentalization; and a responsibility structure which made mistakes and errors admissible. Relatively loose coupling and an emphasis on information as a collective asset within the organization would be features of such a design structure.

Compatibility. From this discussion, as summarized in table 2, one fundamental implication is that these three sets of mainstream administrative values overlap over some of their range, like intersecting circles in a Venn diagram. For example, dishonesty frequently creates waste and sometimes leads to catastrophe. Frugality, rectitude and resilience may all be satisfied by a particular set of institutional arrangements in some contexts.

However, the discussion also suggests the hypothesis that any two out of the three broad value sets may often be satisfied by the same organizing principle for a set of basic administrative design dimensions; but that it is hard to satisfy *all three* value sets equally for any of those dimensions, and probably impossible to do so for all of them. Put simply, a central concern with *honesty* and the avoidance of policy distortion in public administration may have different design implications from a central concern with *frugality*; and a central concern with *resilience* may also have different design implications. If NPM is a design for putting frugality at centre stage, it may at the limit be less capable of ensuring honesty and resilience in public administration.

IMPLICATIONS FOR NEW PUBLIC MANAGEMENT

The work of the ESRC's Management in Government Initiative has helped us to identify the specific forms that NPM took in the UK and to trace its history. But, like many research initiatives, it has perhaps been more successful in prompting the critical questions rather than in answering them definitively. Two key questions in particular seem to deserve more examination, in order to 'put NPM in its place' intellectually.

First, NPM can be understood as primarily an expression of sigma-type values. Its claims have lain mainly in the direction of cutting costs and doing more for less as a result of better-quality management and different structural design. Accordingly, one of the key tests of NPM's 'success' is whether and how it has

delivered on that claim, in addition to succeeding in terms of rhetorical acceptance. We still have remarkably little independent evidence on this point, and work by Dunsire *et al.* (1988) has some path-breaking qualities in that it is a serious attempt to develop indicators of organizational structure and control systems in a way that helps us to understand how privatization and corporatization works. It offers tentative evidence for the proposition that a shift in management structures towards decreased command-orientation and increased 'results-orientation' is associated with improvements in productivity. But the results obtained so far are only indicative: the study does not test fully for 'Hawthorne effects' or secular trends, and it has no control groups. We need much more work in this vein.

However, the critics' questioning of NPM's universality also offers a way of putting NPM in its place and involves crucial claims that need proper testing. Even if further research established that NPM was clearly associated with the pursuit of frugality, it remains to be fully investigated whether such successes are bought at the expense of guarantees of honesty and fair dealing and of security and resilience.

Broadly, NPM assumes a culture of public service honesty as given. Its recipes to some degree removed devices instituted to ensure honesty and neutrality in the public service in the past (fixed salaries, rules of procedure, permanence of tenure, restraints on the power of line management, clear lines of division between public and private sectors). The extent to which NPM is likely to induce corrosion in terms of such traditional values remains to be tested. The effects of NPM 'clones' diffused by public management 'consultocrats' and others into contexts where there is little 'capital base' of ingrained public service culture (as in many Third World countries and perhaps in Eastern Europe too) will be particularly interesting to observe. The consequences for 'theta-type' values are likely to be most visible, since the effects are likely to be quicker and more dramatic there than in countries like Australia and the UK which are still living off 'public service ethic' capital.¹

Equally, the extent to which NPM's precepts are compatible with 'safety engineering' in terms of 'safety cultures' deserves more analysis. NPM broadly assumes that public services can be divided into self-contained 'products', and that good public management requires de-emphasis of overarching externalities and emphasis on running services within given parameters. Whether the emphasis on cost-cutting, contracting-out, compartmentalizing and top-slicing is compatible with safety culture at the front line needs to be tested. The new breed of organizationally created disasters over the past fifteen years or so, of which some dramatic examples have occurred in the UK, suggest that the issue at least needs investigation.

Only when we can test the limits of NPM in terms of relatively narrow *administrative* values can we start to establish its proper scope and put it in its historical place.

NOTE

1. I owe this idea to a suggestion by Dr. John Baker of John Baker and Associates.

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ORGANIZATIONAL STATUS AND PERFORMANCE: SUMMARY OF THE FINDINGS

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Hypotheses derived from the public choice and other literatures on the relationship between ownership and performance were tested on ten UK organizations which had undergone status change, within the public sector or between the public and private sectors, in the last twenty years. Results on tests of performance in productivity, employment, and financial ratios against change in status, competition and internal management failed in most cases to support the thesis that change in ownership improves enterprise performance, even in its more sophisticated form where ownership change is assumed to be accompanied by increased competition and improved managerial incentives.

INTRODUCTION

An earlier article in this journal (Dunsire *et al.* 1988) surveyed the popular beliefs and academic theories which support the contention that a change in the legal status of an enterprise (for example, from ministerial department to executive agency, or from the public to the private sector) improves its performance. Much current public policy in this country and elsewhere has been based on the belief that resources are more efficiently used in the private sector, or under public sector emulations such as the trading fund.

Perhaps few would hold that a measure like privatization by itself affects performance. The operative mechanisms usually posited are (a) the policing role of the capital market (Kay and Thompson 1986); and/or (b) an increase in competition (Millward and Parker 1983); and/or (c) a change in managerial incentives (Alchian and Demsetz 1972; De Alessi 1980). It is commonly appreciated, too, that the latter two mechanisms may be installed *without* a change in ownership, and that change in ownership does not necessarily entail them. 'Selling a government firm makes no difference to the competitive environment in which it operates; ownership and competitive structure are separate issues' (Forsyth 1984, p. 61); and '... privatization involves more than the simple transfer of ownership. It involves

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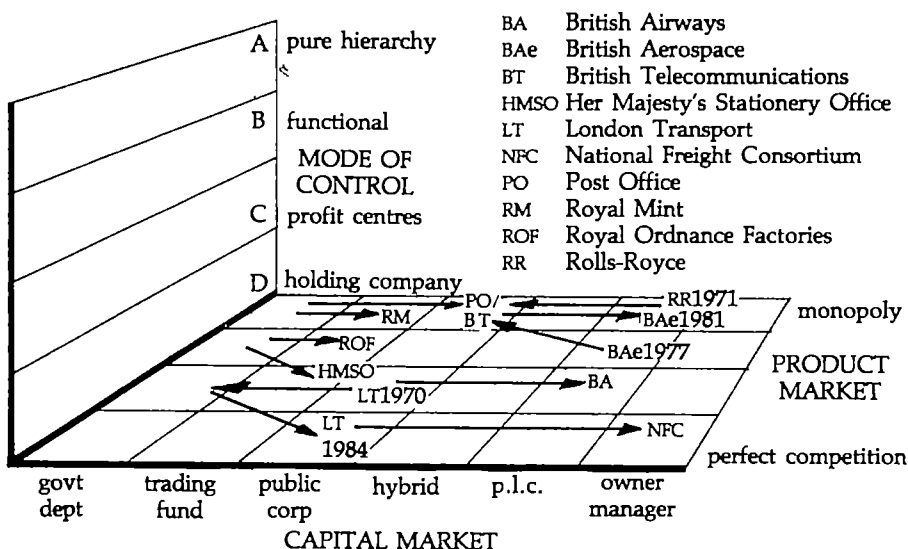
the transfer and redefinition of a complex bundle of property rights which creates a whole new penalty-reward system which will alter the incentives in the firm and ultimately its performance' (Veljanovsky 1987, pp. 77-8).

Incentives are altered because the 'penalty-reward system' is linked not (as in the archetypal bureau) with input or process measures but with measures of output: payment is by results. But managers held accountable for results must have control over the factors contributing to those results; and this may require better management information, and even a reorganization of the enterprise on an output rather than an input or functional basis. Equally, change in the quality of information and in management structure in an enterprise may produce a change in performance irrespective of change in ownership or of degree of competition in the environment.

These considerations suggested a model of organizational change in three distinct dimensions, as portrayed in figure 1:

- (i) a change in the *capital market*, associated with status change, where an enterprise can take up a position along a 'west-east' spectrum, from pure government department through trading fund and other hybrids to public limited company and, at the extreme 'private' end, the owner-manager;
- (ii) a change in the *product market*, where an enterprise can be placed somewhere on the axis between monopoly and perfect competition; and
- (iii) a change in the *internal management structure*, where an enterprise falls somewhere on a 'top-bottom' axis between command-orientation and results-orientation, intermediate points corresponding to, for example, Williamson's (1970) 'U-form' and 'M-form' types.

FIGURE 1 *The Basic Model*



This is the model which underlay our research programme into the relationship between organizational status change and performance in the UK in recent years, outlined in the earlier article and reported here.

A number of hypotheses for testing were deduced from the public choice and other literatures. The three main hypotheses concerned propositions that improvement in enterprise performance is associated with;

- (1) a change in *capital market*, marked by a shift in status in a west to east direction (the 'central hypothesis');
- (2) a change in the *product market* or degree of competition encountered;
- (3) a change in *internal management structure* marked by movement away from command-orientation towards results-orientation.

Two subsidiary hypotheses explored relationships between the dimensions of the model, concerning propositions that;

- (4) a management change from command-orientation towards results-orientation is associated with an increase in competition; and
- (5) change in internal management structure is associated with change in capital market or in status.

Figure 1 summarizes the status changes for each of the organizations. Only in three cases – British Aerospace (BAe) on nationalization, London Transport (LT) in the mid-1980s, and Her Majesty's Stationery Office (HMSO) from 1982 – was there evidence of a status change associated with a significant change in the degree of competition in the product market. Our main investigations therefore concerned associations between status change and performance, between management change and performance, and between status change and management change, although changes in competition are noted where relevant.

The empirical material was drawn from studies of ten organizations which were subject to one or more changes in legal status within the last twenty years or so, embracing changes within the public sector as well as changes from the public to the private sectors and *vice versa*. The ten organizations, with the types and dates of the status changes, are listed in table 1. For each organization there was at least one major status change with a substantial amount of publicly available data both before and after the change, so permitting adequate testing of the hypotheses. The exception was British Airways (BA) which was included as an example of a publicly owned organization which might have improved performance *in anticipation of* privatization.

A number of the organizations, as shown in table 1, were involved in more than one change of status, but the later changes in most cases were excluded from the studies of performance owing to the lack of sufficient post-change data at the time of the research. Analyses of two of the organizations (BA and the National Freight Corporation/Consortium (NFC)) were incomplete and not included in the survey of management change.

TABLE 1 The organizations

<i>Type of change</i>	<i>Organization</i>	<i>Date</i>
<i>I Movements within the public sector</i>		
(a) Government department to trading fund	Royal Ordnance Factories Royal Mint HMSO	Jul. 1974 Apr. 1975 Apr. 1980
(b) Government department to public corporation	Post Office (incl. posts and telecomms)	Apr. 1969
(c) Public corporation to separate public corporation	British Telecommunications	Jul. 1981*
(d) Public corporation to local government	London Transport	Jan. 1970
(e) Local government to public corporation	London Transport	Jun. 1984
(f) Trading fund to Executive Agency	HMSO	Dec. 1988*
<i>II Ownership change</i>		
(a) Private to public (nationalization)	Rolls Royce British Aerospace	Feb. 1971 Apr. 1977
(b) Public to private (privatization)	Rolls Royce British Aerospace National Freight British Telecom Royal Ordnance Factories	May 1987* Feb. 1981 Feb. 1982** Aug. 1984* Jan. 1985*
(c) Anticipating privatization	British Airways	1980-87**

Notes: * Event not included in performance tests (section II)

** Event not included in section III analysis

II

CAPITAL MARKET/STATUS CHANGE: MEASURING PERFORMANCE

Testing the central hypothesis required the selection of appropriate indicators for measuring the performance of an organization. The study focused on identifying changes in production efficiency, on how well an organization uses its resources. Three sets of indicators were used to measure organizational performance before and after the status change:

- (i) *Productivity* measured by both labour and total factor productivity, with the latter relating output changes to changes in *all* factor inputs (capital and labour). It was predicted that a west-to-east status change would result in higher productivity.

- (ii) *Changes in employment levels*, particularly the possibility of a 'shake-out' of labour following a status move from west to east. A standard employment model was used to estimate any employment effects of a status change. This model allowed for other determinants of employment, namely, output, technology, the capital stock and a lagged adjustment mechanism, as well as the influence of status change. In this way, it provided a more accurate and reliable estimate of the effects of a status change.
- (iii) *Financial ratios*. This study used profitability, and the ratios of stocks to sales, debtors to sales, and sales to fixed assets, together with the proportion of labour costs in total expenditure and value-added per employee. Improvements in enterprise performance were expected to be reflected in higher profitability, lower ratios of stocks and debtors to sales, a higher sales to fixed assets ratio, a reduction in labour's share in costs (i.e. a shake-out), and higher value-added per employee.

Empirical work in this field is not without its problems. Often, output data are only available in value rather than volume terms and an appropriate price deflator is required. Also, a transfer of ownership is likely to result in the pursuit of different objectives so that focusing on a limited set of efficiency indicators might fail to provide a comprehensive appraisal of an organization's performance (e.g. are we comparing like with like?). Further problems arise where an organization's performance improves either well before, or considerably after, the official date of the status change, raising doubts about relying on the promulgated date alone for all the indicators (see section III).

Allowance also has to be made for what might have happened without the status change. For example, in the 1980s, labour productivity in the UK rose substantially, so that the 'successes of privatization' need to be assessed against general improvements in the economy's performance. Our solution was to present the results in relation to general trends in productivity for public corporations and for the UK economy as a whole (the counter-factual).

STATUS CHANGE: THE EMPIRICAL RESULTS

A considerable amount of empirical work was undertaken and this section can only provide a summary and overview with examples for each of the three sets of performance indicators and an evaluation of the consistency of the results.

- (i) *Productivity*. Data on average annual growth rates of labour and total factor productivity were estimated for four years before and four years after each organization's status change. To allow for national trends, the productivity figures for each organization were compared with the corresponding estimates for the UK economy, for public corporations and, where appropriate, for UK manufacturing. The results are summarized in table 2. There were organizations where *some* but not all of the productivity and national comparisons when subjected to an analysis-of-covariance test supported the hypothesis: hence these are shown as mixed results.

TABLE 2 Summary of productivity results

<i>Organization</i>	<i>Prediction of central hypothesis</i>	<i>Labour productivity</i>	<i>Total factor productivity</i>	<i>Labour productivity compared with national trends</i>	<i>Total factor productivity compared with national trends</i>
Royal Mint	Improved performance	Confirmed	Confirmed	Confirmed	Confirmed
London Transport (1984 change)	Improved performance	Confirmed	Confirmed	Confirmed	Confirmed
British Airways	Improved performance	Confirmed	Confirmed	Confirmed	Confirmed
British Aerospace (nationalization)	Deterioration in performance	Confirmed	Confirmed	Confirmed	Mixed result
British Aerospace (privatization)	Improved performance	Confirmed	Confirmed	Confirmed	Mixed result
National Freight	Improved performance	Confirmed	Mixed result	Confirmed	Confirmed
London Transport (1970 change)	Deterioration in performance	Confirmed	Confirmed	Not confirmed	Confirmed
Post Office Postal	Improved performance	Confirmed	Not confirmed	Confirmed	Mixed result
Post Office Telecommunications	Improved performance	Confirmed	Not confirmed	Confirmed	Mixed result
Her Majesty's Stationery Office	Improved performance	Confirmed	Mixed result	Mixed result	Not confirmed
Royal Ordnance Factories	Improved performance	Not confirmed	Confirmed	Not confirmed	Mixed result
Rolls Royce	Deterioration in performance	Not confirmed	Not confirmed	Not confirmed	Not confirmed

Table 2 shows that the productivity results provide unanimous support for the central hypothesis (No. 1) for the Royal Mint (RM), LT (1984 change) and British Airways (BA). Looking for confirmation from three out of four productivity measures identifies another group of organizations, namely National Freight (NFC), LT (1970 change), and both changes of ownership for BAe. In contrast, the productivity results did not support the hypothesis for Rolls Royce (RR) and possibly for Royal Ordnance Factories (ROF). The results for the remaining organizations were less conclusive, with only two of the productivity measures confirming the central hypothesis, the Post Office Postal and Telecommunications businesses (for details, see Hartley, Parker and Martin 1991).

- (ii) *Employment changes.* The possibility of a labour shake-out was tested by including a dummy variable for organizational status into a standard employment function (see Dunsire *et al.* 1988, p. 384).

Various employment equations were estimated using both intercept and slope shift dummies to capture the effects of status change. For the intercept dummy, a shake-out of labour would be reflected in a negative relationship. Also, to allow for possible anticipation effects (and delays) in adjusting an organization's performance, the date of the status change was varied by two years. A summary of the results is presented in table 3 (for further details see Parker and Hartley 1991). There were examples where the employment model showed that moves to trading fund status and actual or anticipated privatization gave results which were consistent with our central hypothesis (HMSO, RM, BAe, NFC, BA). However for both the ROF and RR, the sign of the status change dummy was contrary to expectations, so supporting the productivity results (table 3). The ROF's apparent failure to produce the expected gains in employment efficiency might have reflected the lack of any change in their position as a defence contractor operating in a protected and regulated market (see also section III below).

TABLE 3 Employment changes

Q. Did the employment model provide support for the central hypothesis?

A.	Yes	Limited support	No
	HMSO	BAe (1977 change)	Post Office (Postal)
	Royal Mint	London Transport (1984)	London Transport (1970)
	BA	Post Office (Telecom)	ROF
	BAe (1981)		Rolls Royce
	NFC		

- (iii) *Financial ratios.* Using various financial ratios two sets of tests were undertaken. First, averages were estimated for four years before and four years after the status change. Second, to allow for long-run trends in performance and to assess the statistical significance of any change in performance, an analysis-of-covariance model was used where performance measured by

different financial ratios was determined by a dummy variable for status change and a time-trend.

Inevitably, using a variety of financial ratios meant that not all of them necessarily pointed in the same direction and, in some cases, differences also occurred between the averages and covariance results. Aggregating both sets of results, the predicted improvement in across-the-board financial performance was confirmed for the ROF and BA (i.e. 66 per cent or more of the results supported the hypothesis). Elsewhere, support for the hypothesis was more limited, much depending on the choice of financial ratio. For example, using profitability as the *key* ratio, the predicted improvement was confirmed for the ROF, HMSO, NFC and BA. Results completely contrary to our predictions were obtained for RR, LT (1970 change) and BAe (1977 nationalization). For these three organizations, across-the-board financial performance either improved or did not deteriorate as predicted. A summary of the financial results is shown in table 4 (a fuller account can be found in Parker, Hartley, Martin 1990).

TABLE 4 Summary of financial results

Organizations where	
i.	<i>most financial ratios supported the central hypothesis</i>
	Royal Ordnance Factories British Airways
ii.	<i>only 40–50 per cent of the results supported the central hypothesis</i>
	Her Majesty's Stationery Office Post Office (Postal) Post Office (Telecommunications) London Transport (1984 change) British Aerospace (1981 privatization) National Freight Corporation
iii.	<i>Most of the financial ratios did not support the predicted deterioration in performance</i>
	Rolls Royce British Aerospace (1977 nationalization) London Transport (1970 change)

Notes: 1 Classification based on aggregating averages and covariance results.

2 The Royal Mint is not included in this table.

From our three sets of empirical results (productivity, employment, and financial), we can be reasonably confident that the central hypothesis (No. 1) was supported for three organizations, namely, National Freight, British Airways and the privatization of British Aerospace. The central hypothesis was also supported for the Royal Mint, although the data only allowed two sets of tests for this organization (productivity and employment). Similarly, the results for Rolls Royce consistently

contradicted the central hypothesis. What all this means is that over the available tests, although a substantial number of organizations provided partial support, fewer than half of those studied provided completely convincing support for the hypothesis that improvement in enterprise performance is associated with status change away from public towards private ownership.

III

MANAGEMENT CHANGE: MODEL

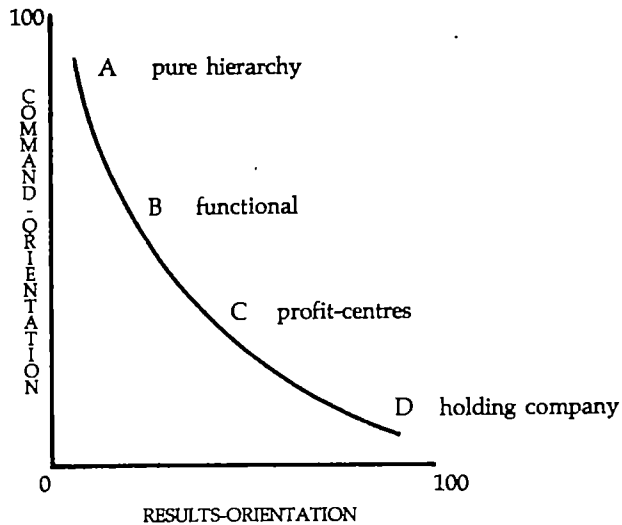
If enterprise performance does (or does not) change in these ways when status changes, is it because status has (or has not) changed, or is it because there has (or has not) also been simultaneous change in the competition and/or internal management change dimensions? What is the relationship between performance and competition (hypothesis 2), performance and management change (hypothesis 3), competition and management change (hypothesis 4), status change and management change (hypothesis 5)?

These are the questions we pursued, using non-quantitative methodology and mainly public sources to make in-depth studies of the management history of the organizations studied, in the manner of Chandler (1962) and Channon (1973) for the private sector, both to demonstrate the potential of the method for the public and hybrid sectors and to explore the possible mechanisms of the performance changes reported in section II.

From annual reports to Parliament or shareholders, supplemented sometimes by internal documents of a non-confidential nature made available to us, changes in the divisional structure of the organizations studied were logged for each year over a period of about twenty years, along with changes in management accounting systems and changes affecting the competitive environment. Certain regularities emerged, and a model of internal control modes was developed to help in demonstrating them.

This model was described in the earlier article (Dunsire *et al.* 1988) and its current (much simplified) version is portrayed in figure 2. It builds on the work of Thompson (1967), Williamson (1970, 1975), Mintzberg (1979, 1983), and later students of strategic management (see accounts in Bowman and Asch 1987; Johnson and Scholes 1988) but was specially adapted to the 'status change' thesis explored here. It starts from the well-established antonyms 'markets' and 'hierarchies', but postulates that all real organizations of this kind will fall somewhere between 'pure hierarchy' (or 100 per cent 'command-orientation') and 'pure market' (or 100 per cent 'results-orientation').

No example of 'pure hierarchy' (point A in figure 2) was found among the organizations studied (though several were perhaps nearer A than B to begin with), and only one clear illustration (BAe after complete privatization) of a 'holding company' mode of control (point D). Most organizations could be placed either around point B (emphasizing managerial 'functions', broadly corresponding to the 'staff and line' pattern of classic scientific management, to Chandler's (1962) 'centralized' and Williamson's 'unified' form (1970)); or around point C (stressing

FIGURE 2 *Modes of control*

Salient Characteristics in Brief

- A 'Orders of the Day', 'Daily Duties List', 'Daily Postings' etc. for whole organization.
Large manuals of procedure.
Itemized release of funds – few internal budgets.
Upward referral of all problems expected.
High visibility of rank and status; salary scales by rank and seniority.
- B Large proportion of total managerial staff located in HQ departments for planning, financial control, personnel, procurement, marketing, R&D, etc.
'Policy' replaces instructions, operational decisions delegated to divisional management.
Centrally approved budgets for money, staff and other resources.
Several HQ inspectorates, on quality, O&M, maintenance, etc.
Many formal reports to HQ, on production, working days lost, sickness, stoppages, vehicle miles travelled, etc.
Outcomes monitored for organization as a whole.
Salary scales by specialism and comparability.
- C Small HQ as facilitator, common and support services.
Production, finance, personnel, etc. choices for division delegated to division management.
Separate cost centres or 'businesses' identified in accounts; costs and outcomes monitored output by output; performance targets set.
Large capital projects, promotion across divisions and to centre, and internal restructuring, remain an HQ prerogative.
Personal salaries by individual management contract, performance-related.
- D Very small corporate HQ, with some arm's-length financial monitoring but no staff or production performance monitoring.
Congeries of distinct subsidiary companies, each with own board of directors, accounts, markets, etc.
No corporate salary structure except for HQ personnel.

their distinct 'businesses', the idea of cost- and profit-centres, which broadly corresponds to Chandler's multidivisional or 'decentralized' structure and Williamson's 'M-form'). The 'functional' form is characterized by a large HQ with organization-wide planning, finance, personnel, purchasing, marketing and research departments, monitoring inputs and outputs for the organization as a whole; the 'profit-centres' form by a smaller 'facilitating' HQ, monitoring inputs and outputs of divisions individually.

Mapping any shift from one point to another is what the model is for. But we do not attempt to document here the reasons for an observed shift, or to reconcile the popular doctrines behind our hypotheses with the results of research in organizational management (see for example, Johnson and Scholes 1988, ch. 10). Decentralization, for example, may not necessarily and always be a 'good thing' in itself for a particular organization at a particular time. The organizational design literature agrees that there are contingencies for which any particular structure will be the most appropriate. It is the adoption of a mode of control apparently incongruent with an enterprise's situation internal or external that may lead to reduced performance.

MANAGEMENT CHANGE: EMPIRICAL FINDINGS

In this section we report as fully as space will allow the findings from an analysis of eight of the ten organizations listed in table 1 (omitting NFC and BA). Additional status change events excluded from the analysis reported in section II have, however, been included here (see table 1 for details) to further test hypotheses 4 and 5, unrelated to performance.

1. *Her Majesty's Stationery Office*. Trading Fund (TF) status for HMSO in 1980 meant the end of the 'allied service' principle, by which government departments ordered their stationery and printing requirements from HMSO free of charge (HMSO accounting for the expenditure on its own Vote), and of the 'tied procurement' principle, by which departments could order *only* from HMSO; and thus the introduction of a requisite change in 'culture', from reactive administration to proactive competition with private suppliers. Preparation for the change had actually begun in 1972, with the design of a new management accounting system to provide detailed costings and statistics like turnover per employee, neither available nor necessary for Vote accounting.

Top management structure in 1971 was virtually unchanged from what it had been in 1921, and corresponded to the 'functional' control pattern normal to government departments, with directorates for Accounts, Establishments, Contracts, Printing Works, Printing and Binding, and so on. What happened between 1972 and 1977 was the structural recognition of four main 'businesses': Print Procurement (not even mentioned in the 1971 chart), Production, Publications (the bookshops, etc.), and Supply (the stationery business), each accountable for their costs and results – a shift towards the 'profit-centres' form.

But all this had actually begun well before the status change. The mixed performance for HMSO noted in section II might be explained by the relatively short

period covered, considering the amount of capital re-equipping undergone. The shift from a captive market to a competitive one was, however, successfully made, without importing managerial expertise, and on civil service salaries. However, one of HMSO's first actions on becoming an Executive Agency in December 1988 (the second status change), was to use this additional freedom to restructure its entire remuneration system, including a performance reward element.

2. *Royal Mint*. The Mint became a trading fund in 1975, which is a west-to-east shift in capital market, and it subsequently achieved high growth in many of the performance indicators. But although TF status does entail a different 'capital market' relationship with the Treasury, it would seem to expose the agency to no greater risk of take-over and the like; and it is hard to identify any major corresponding change either in competitiveness or in management structure and management accounting systems, much less in reward systems, to account for the improvement.

The Royal Mint is a relatively small organization, relatively undiversified, with a simple functional-type structure. It began to export world-wide (competitively) in the 1920s, and achieved its first Queen's Award to Industry for exports in 1966, without any marketing function appearing in the staff listings, even as late as 1971. There was a remarkable stability of top management structure between the late nineteenth century and 1965 (even to nomenclature – deputy master, chief clerk, superintendent, chief assayer, etc.); and the structure was not basically changed with the announcement in 1972 of impending TF status, except for some modernization of titles. Nor was there any marked change in accounting: the Mint had published annual reports including output figures since 1871, and full trading accounts since 1948. Staff remained on (relatively low) civil service grades and salaries.

How, then, are we to account for the performance improvement on gaining TF status? One possible explanation is 'technological change', concerning the co-incidental shift from several old London buildings to new purpose-built plant in Wales, occasioned by the need for massive investment in new machinery following the decision to decimalize the coinage in 1966, with a deadline for its introduction in 1971. The move to Wales took eight years (1968 to 1976) to complete; but effects on costs and productivity were apparent as soon as production started.

3. *Royal Ordnance Factories*. Here the change to TF status in 1974 appeared to have made performance worse. In 1966 the 44 wartime Ordnance Factories had been reduced to eleven, grouped under three directorates for Ammunition, Explosives, and Weapons and Fighting Vehicles, from which in 1969 was carved out a Small Arms group. With HQ directorates for Administration and Finance, Accounts, and 'Civil Work', this was the top management structure in May 1972 when the TF decision was announced. Although the four manufacturing divisions were not full 'profit-centres', the Mallabar committee in 1969 had found a largely decentralized structure and praised the cost-conscious system of management accounting (Cmnd. 4713, 1971, p. 25), enhanced by a system of fixed-price quotations. In the ROF no 'allied service' principle applied, and supply was on repayment

(though usually in a non-competitive UK defence market); they had been producing trading accounts for over a century.

This structure was altered in 1973, just before the status change, to a more 'functional' one. Under the newly titled managing director there were Directors-General for Production, Procurement and Administration, and Finance. The D-G Procurement and Administration supervised directors for Plans and Secretariat, Personnel, Procurement, and Quality. In 1974 a marketing coordinator was appointed from outside. But when in 1984 ROF was being groomed for privatization, consultants advised the formation of four 'operating companies': Ammunition, Explosives, Small Arms, and Fighting Vehicles.

It is tempting, therefore, to postulate that one of the reasons for relatively poor post-TF performance was the adoption in 1973 of a centralized-function top management structure in place of what had seemed a perfectly well-adapted four-business structure.

4. *Post Office*. Postal services and telecommunications had been run as separate operations since the 1930s, but neither had their own accounts or engineering service or field organization. The significant development was less the status change (to a public corporation) in 1969, than the 1967 decision to create two *businesses* (the word used), each with its own personnel, accounts, engineering, and research functions, within the one corporation, until the split into two corporations in 1981. Thus the Post Office as a whole moved to a 'profit-centres' form in 1967. But it was much later before either Posts or Telecommunications did so individually.

Posts remained 'functional' in form and was heavily criticized by the Carter committee in 1976 for its highly centralized decision making and marked rises in administrative costs per unit of output since status change. But the period was also one of intense government intervention, first by Conservatives insisting on price restraint, and then by Labour insisting on economic pricing. The combination may explain the poor performance reported in section II. In the 1980s the Post Office identified its four real 'businesses' (Royal Mail, Post Office Counters, Parcels Force, and Girobank – later privatized) and made profit-centres of them. By 1988 the chairman reported that his Post Office was the only one in the European Community to have made a profit for twelve successive years with no form of subsidy.

5. *British Telecommunications*. The telecommunications side also remained highly centralized under the Post Office Corporation, in spite of much 'commercial' rhetoric and 'market talk'. In 1979, ten years after the status change, the centre did not trust its field staffs (Beesley and Laidlaw 1989, p. 21). Several minor activities were brought into a profit-centre subsidiary British Telecom Enterprises, but it proved extremely difficult to define 'businesses' (sets of activities that can be ring-fenced in costs, marketing, and results) in either the international or the inland telephones fields. In 1990 BT, although privatized in 1984, is still trying to get its structure right, as between massive 'divisions' and multiple decentralized subsidiaries.

6. *Rolls-Royce*. As reported in section II, the performance of Rolls-Royce improved on its nationalization in 1971. There is no space to tell here the saga of the RB 211

engine, with which the company hoped to break into the US market, and the ruinous contract that had been negotiated with Lockheed in 1968. But according to the DTI inspectors' report (MacCrindle and Godfrey 1973) the company was being weakly run well before this, particularly in the divisional and corporate accounting function. It effectively had a multidivisional 'profit-centres' structure; but the main board, heavily overweighted with engineers and long-serving non-executive members, did not receive the information that would have shown it that one division, Aero Engines, was running the whole company into dire trouble; and what it did receive, it discounted.

When Rolls-Royce went bankrupt (creating a profound shock effect throughout the company), the government let it, and then bought the aero-engines businesses from the receiver, so that they would not inherit the Lockheed contract. A completely new board was appointed, and a new Lockheed contract negotiated. It is not therefore surprising that the recorded performance improved. Performance deteriorated badly in the mid-1970s, and it was many years until the company was brought fully round. It may be significant that just before overall profitability was attained, a restructuring took it back up the control curve towards a more functional form: the management of straight production, and that of design for production (the more standardizable activities), were centralized into functional divisions, leaving the essentially risky activities of developing new products and landing contracts with the three 'businesses' (Aero Engine, Small Engines, and Industrial and Marine Engines). The company was reprivatized in 1987.

7. *British Aerospace*. When after a series of amalgamations aircraft manufacture was nationalized in 1977, the Act required that the corporation would 'promote the largest degree of decentralization of management consistent with the proper discharge of its functions'. In fact, the corporation structure simply retained the old companies, each division having its own board and chairman, with small corporate departments – a typical multidivisional form. It cannot be said that nationalization produced bureaucratic fetters on management – in any case, it only lasted four years. The drop in performance reported in section II probably was owing to the disruptive effects of change – or possibly to 'lack of managerial incentives'.

BAe was partially privatized in 1981, without major internal change. That came in 1983, when a new managing director was appointed on a wave of centralizing tendencies – marketing unified, then research, cost controls tightened, and a whole tier of management abolished 'in order to improve strategic decision-making and cohesive management'. By 1986 there were no 'business'-based directors at all on the main board: all were either functional or non-executive. BAE (freed from the statutory injunction to decentralize) had moved decisively back up the curve towards the functional mode in the name of 'unification'.

Remaining government shares were sold in 1985, and a new chairman in 1987 immediately reversed the tide of centralization, floating all the 'major businesses' off as separate limited companies, as well as expanding BAE massively by new acquisitions outside its traditional aerospace activities. By 1988 the board was

composed mainly of directors with responsibility for one or more of these subsidiaries – a complete turnaround from 'functional' directly to 'holding company' form in two years.

8. London Transport. The London Passenger Transport Board was formed in 1933 out of a welter of private and municipal transport undertakers, as one of Britain's first 'public corporations'. In 1947 LT (as we shall refer to it) became an arm of the British Transport Commission, until 1963 when it was once more an independent public corporation, though (in the face of large social changes in demography and travel habits) it was kept going only on Exchequer subsidies. When the Greater London Council was formed in 1965, agreement was reached for it to become responsible for all aspects of traffic and transport in its area, and LT, although remaining a statutory corporation, answered to the GLC on policy matters, including fare levels and finance generally. The Transport Tribunal lost its control over fares, and the GLC supported by grants and cross-subsidization a policy of concessionary fares for special groups. For a few years after 1970 LT ran a small surplus, but from about 1974 the performance, both financial and in quality of service, began to decline again markedly.

In the 1960s LT had still the highly centralized functional board structure created by the LPTB to weld together many disparate elements, with some fifteen or twenty specialist departments coordinated only by reporting to a particular board member. Even in 1962, not all the six 'railway' departments reported to the same member, nor did the three 'bus' departments, and engineering was quite separate from operations. In so far as structural change took place, the watchword was still 'rationalization' – bringing together similar activities whether serving rail or bus services – even as late as 1971. Although bus and rail operations respectively were gathered and given to separate board members in 1971, neither had planning, engineering, supply/stores, personnel, industrial relations, or financial responsibilities for their operations, these being the province of other members.

It was in 1978 that large-scale reorganization began, in a conscious drive to improve LT's perilous financial position. A new chairman, and a deputy chairman appointed from outside, took three actions: they created two 'businesses' absorbing most of the engineering and supplies functions; decentralized management within them into smaller units, each with budgeting and personnel powers; and instituted performance measures for management at all levels.

Politically this was a calamitous time. The sacking of that chairman by the GLC after a hard-hitting consultants' report was followed by the 'Fares Fair' controversy, when the courts declared illegal the GLC's policy of cheap fares which had decisively reversed the decline in LT's passenger traffic, and forced a doubling of fares which started it off again. 'Political' interference by GLC-appointed board members (although quite within their rights) led to low managerial morale, until the London Regional Transport Act of 1984 put LT once more directly under the minister.

The Act required the board to set up subsidiary companies for its bus and underground services, and in the next few years the strategy was applied by LT

to most of its activities, so that by 1988 a small central HQ confining itself to corporate planning and financial oversight was surrounded by half-a-dozen subsidiary companies and as many 'business boards' (including LT Advertising, LT Catering, LT Museum, LT Property, etc.). The Act had also enjoined competitive tendering not only for central services but for bus routes; and building services, computing, architects, and medical services departments were made 'profit centres', charging for their services in order to establish their real costs. Thus it can be said that the structural groundwork of the performance improvements after the 1984 status change was laid by the reorganization of 1978 onwards, and built on by the statutory provisions of the 1984 Act reflecting 'New Public Management' doctrines.

MANAGEMENT CHANGE: ANALYSIS

The results of the analysis are summarized in table 5. Hypothesis no. 3 was that improved performance is associated with management change from A towards D on the curve. HMSO supported this, if weakly; but the Mint did not, since performance improved without movement along the curve. In the cases of ROF, Post Office and Telecommunications, Rolls-Royce, London Transport and the later BAe status change, the hypothesis was confirmed either positively or negatively (if there was the requisite movement, performance improved; if performance did not improve, no movement was observed). The earlier BAe case went against the hypothesis, however: performance worsened although no movement was observed.

TABLE 5 Summary of findings on management change

Name	Movement Expected	Movement Found	Hypoth. 3 Performance	Hypoth. 4 Competition	Hypoth. 5 Status
HMSO	B-C 1980+	B-C 1977+	Yes (+)	Yes (+)	No
R Mint	B-C 1975+	C 1948+	No	Yes (-)	No
ROF	B-C 1974+	C-B 1973+	Yes (-)	No	No
PO ('69)	B-C 1969+	B-C 1967+	No	No	No
PO Posts	B-C 1969+	B-C 1983+	Yes (-)	Yes (-)	No
PO Telec	B-C 1981+	B7C 1983+		Yes (-)	No
BT ('84)	C-D 1984+	B7C 1983+		No	No
R-R	C-B 1971+	C-B 1983+	Yes (-)	No	No
BAe ('77)	C-B 1977+	C 1977+	No	No	No
BAe ('81)	B-C 1981+	C-B 1983+	Yes (+)	No	No
LT ('70)	C-B 1970+	B 1933+	Yes (-)	Yes (-)	No
LT ('84)	B-C 1984+	B-C 1978+	Yes (+)	Yes (+)	No

Notes:

'Movement Expected': On assumption that mode of control will follow status change: west-east on Figure 1=A-D on figure 2.

'Movement Found': direction and date of movement observed.

'Hypoth. 3 Performance': association between change in performance as reported in section II and movement found is confirmed positively (+) or negatively (-). (Column covers only those status change events for which section II performance data are available.)

'Hypoth. 4 Competition': association between movement found and change in degree of competition is confirmed positively (+) or negatively (-).

'Hypoth. 5 Status': association between dates of movement found and of status change is confirmed positively (+) or negatively (-).

HMSO status change 1988 to Executive Agency, and ROF privatization in 1985, omitted for lack of data.

Thus the result on this hypothesis was somewhat mixed. But from one perspective, as suggested in section II, perhaps one should not have expected this hypothesis to be confirmed, except by accident. Performance figures gathered on the basis of the date of legal status change will not test a hypothesis about the effect of change of control mode unless the dates of the two changes coincide (see below, on hypothesis 5).

Hypothesis no. 4 was that movement from A towards D is associated with increase in competition. This too was only partly supported by the evidence of change in these eight organizations. The HMSO case was good positive confirmation; the Royal Mint provided a negative confirmation – there was no marked change in control mode, but there had been no marked change in competition. The two Post Office businesses and the two London Transport status changes gave both positive and negative confirmation: while there was little or no increase in competition, there was little or no decentralization; if competition (or its threat) became more evident, the predicted movement took place. The ROF move just prior to status change, however, went quite the wrong way, given that degree of competition remained the same. In the Rolls-Royce and BAe cases, movement away from D towards A occurred when competition had not changed, also contradicting the hypothesis. Thus of the ten status change events for which we have section II data, six confirmed the hypothesis, four did not – sometimes, apparently, a tightening of control is indicated by internal contingencies even in a competitive environment.

Hypothesis 5 was that movement along the curve is associated with status change. This was amply refuted. In all cases studied, the timing of the legal status change was different from that of the managerial control change: or else, negatively, there was no perceptible managerial control change although there was change in legal status. But if one takes the date of *announcement* of an impending status change as the significant event (typically two years or so in advance), the coincidence of event and control mode change was more marked. The threat of status change may be sufficient to trigger adaptive managerial behaviour.

Answering the question posed at the beginning of this section (were the performance results found related not only to status change but also to simultaneous change in the competition and/or internal management change dimensions?) is not a simple matter. Of the ten status change events studied, only one (the BAe privatization), as reported at the end of section II, was clearly associated with performance improvement on all three sets of measures, with RM doing well on the two tested. The BAe improvement was not associated with increased competition, though it might have been associated with a slightly earlier change in control mode; but that change was in the direction opposite to the prediction – away from results-orientation, not towards it. The RM results cannot be put down to associated change in either competitiveness or internal management, for there was none.

Only three cases for which we have section II data were associated with change of competition: the BAe nationalization (less competition), HMSO, and the 'delocalizing' of LT in 1984 (both increased competition). For both of the latter, a clear shift in mode of control, in the predicted direction (towards a 'profit-centres' form),

was also observed. So for these two all three postulated mechanisms for improved performance through status change were in place. Yet their performance results were rather mixed – some predictions confirmed, some given only limited support. No clear lesson, therefore, on competition: performance was as likely to improve in the absence of increased competition as in its presence.

Out of the ten cases for which performance figures were available (a further four status events were mentioned in this section but were not the subject of performance testing), we found only four cases of control-mode shift: the three mentioned in the previous paragraphs, and ROF. Of these, two (HMSO and LT) were towards a 'profit-centres' operation, two (BAe and ROF) were in the opposite direction, towards centralized functional control. Only one (BAe) showed clear improvement in performance. No structural change involving shift of control mode preceded or accompanied the status change event in RM, PO (Posts), BT, RR, the LT 'localization', or the BAe nationalization. RM showed improved performance, as did RR but against prediction; the BAe nationalization confirmed the predicted worsened performance; and the others showed mixed results. No clear lessons there either: performance was as likely to improve in the absence of change of control mode as it was following it.

In short, there was no clear relationship between enterprise performance and status change, change in competition, or change in control mode, singly or in combination.

IV

CONCLUSIONS

On the whole, then, the results of the investigations reported in section III are as cloudy and perplexing as are those reported in section II. As so many social scientists find, life is rather more complicated than the prescriptive theories assume. Certainly, neither investigation supports the simple assertion that change in ownership necessarily changes enterprise performance, even in its sophisticated form, where capital market change is assumed to be accompanied by increased competition and improved managerial incentives. Sometimes it does, sometimes it doesn't.

In this study we have been very conscious of the benefits of multidisciplinary collaboration. Much of the established public choice literature is by economists, who tend to assume 'efficiency' is good, and have traditionally got by with very simple models of 'the firm' and 'the bureau', regarding internal organization as a black box into which it is not necessary to inquire; and when political scientists join the fray, they tend to discuss 'objectives' and social accountability rather than costs and financial accounting – but agree with the economists about the black box. The management analyst, on the other hand, is often happy to spend his life inside the black box. It has done all of us good to be forced to look beyond our disciplinary blinkers.

This kind of exercise needs replication with other cases and perhaps improved data and methods. We should like to see the question of managerial incentives,

for example, probed empirically. Does managerial remuneration go up before improved enterprise performance, or after, or anyway? Again, much research concerns itself with the difficulties of performance measurement; but surprisingly little on how to recognize and ring-fence a 'business', whether in the private or the public sector. It is not a matter for accountants only. Not only are party politics involved (seen, for instance, in the arguments about London Transport's fares cross-subsidization policies), but also organizational politics and personalities, which this account of our research has hardly touched upon.

Another avenue of research would explore the possibility that, by a variety of the 'Hawthorne Effect' (Roethlisberger and Dickson 1939), *any* sort of major change will lead to improved performance, for a while, since it opens up opportunities for the ambitious and staff generally get more attention than usual. On the other hand, all major change carries disruption costs which could in the short term depress performance or mask improvements. Testing empirically for these two effects in our organizations would have needed another research programme.

To a strategic management theorist our results (though admittedly on a very small sample) may be interesting in that, out of eight major structural changes noted over the period studied, only five (HMSO, ROF pre-privatization, PO posts 1985, LT 1978, and BAe 1987) were in the direction one would expect from US and UK business history, that is, from functional to multidivisional or holding company form – the direction also being pushed hard under the British government's 'Next Steps' programme even for non-commercial and regulatory agencies. The other three (ROF pre-TF status, RR and BAe before privatization) were functional centralizations. Chandler in 1962 for USA and Channon in 1973 for UK both reported massive movements in business firms of any size towards M-form structures; but, significantly, studies in other countries have failed to find this, leading Bowman and Asch (1987, p. 251) to suggest that structure will change only where increased competition obliges it; otherwise the existing (inefficient) structure will prevail.

This produces a hypothesis for testing among the new executive agencies in the UK. Will their *internal* structure change on their change of status, and will it too move in the cost- and profit-centres direction even in the absence of competition?

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THE MANAGEMENT OF CHANGE IN WHITEHALL: THE EXPERIENCE OF THE FMI

ANDREW GRAY AND BILL JENKINS WITH ANDREW FLYNN AND BRIAN RUTHERFORD

The Conservative government announced the Financial Management Initiative in 1982. This article is based on research into the genesis, development and impact of the FMI. The findings suggest that the FMI has contributed significantly to the institutionalization of resource management in general and cost awareness in particular. Implementation has been influenced, however, by the differentiation of departmental tasks and contexts, the inevitable tension between management and politics, and the difficulty of meeting the conditions for the successful engineering of cultural change.

One afternoon, a few years after the Conservative election victory of 1979, the then Prime Minister, Mrs Thatcher, was host to a delegation from the Management Consultants Association (MCA). From their experiences in reviews of departmental efficiency the MCA members had concluded that there was a need for a comprehensive management framework in departments. This view was shared by the Efficiency Unit who had engineered an opportunity for this case to be pressed at the highest possible level.

For the meeting at No. 10, the MCA prepared a suitably smooth presentation. But things began and continued inauspiciously; Mrs Thatcher was unwell so the meeting was held in the lounge, the presentation was interrupted by the arrival of the tea trolley and the perching of cups and plates on knees, and most of the ministers present read from non-committal or negative departmental briefs. For the zealots of change the omens were not auspicious. However, Mrs Thatcher was impressed by the stories of how the individual customer and manager at the grass roots of public service delivery would fare in a more systematic management regime. In this she had an ally in the Cabinet Secretary, Sir Robert Armstrong, who also warmed to stories from the outer reaches of his bailiwick, not least that many lower level civil servants were demanding a more explicit commitment to

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better management. Thus from what the MCA members saw as potentially a total failure came support for the promotion of a management culture in central departments. Mrs Thatcher herself became convinced that the creation of such a culture was essential throughout the civil service.

The events in this story are only a small part in the progress of accountable management in Whitehall. Yet they indicate the crucial importance of the Prime Minister and the Cabinet Secretary (in contrast to those of other ministers and senior officials) and the influence of private sector practice and thinking in initiating and sustaining change in civil service procedures. These developments took root in the Efficiency Strategy and grew through the development of management information systems and the Financial Management Initiative. Many now await their flowering in the executive agencies established under the 'Next Steps' programme. Indeed, in the 1990s, a real management revolution sustained by continuing prime ministerial interest in these matters may well be under way (Cm. 1261, 1990).

This article will discuss the impact of one of these reforms, the Financial Management Initiative (FMI). In previous research we explored the demise of earlier attempts to change civil service management and we identified difficulties in designing and implementing evaluation procedures in UK central departments (Gray and Jenkins 1982; 1983). In this article we report on a more recent project in which we set out to investigate how the FMI had been formulated and implemented, concentrating on the initiative as an instrument of management change. The discussion begins with an account of the objectives and methodology of the research which is followed by an outline of the context in which the FMI was initiated and developed. The article then proceeds to investigate the relationship between the FMI elements and the characteristics of central government to which they were applied. These characteristics include the differentiated tasks and contexts of central departments and the inherent tensions between the demands of politics and those of management. The following section analyses the extent to which the implementation of the FMI satisfied the conditions for the successful engineering of management change. Finally, several implications of the FMI experience are examined.

RESEARCH DESIGN AND METHODOLOGY

Our previous work on the operations of British central government argued that too many discussions of administrative operations depicted Whitehall as a homogeneous entity (Gray and Jenkins 1985). This view of a united administrative structure is clearly no longer the conventional wisdom as recent work on the civil service (Drewry and Butcher 1988; Hennessy 1989) and on core executive operations (Dunleavy and Rhodes 1989) demonstrates. We were also concerned that many advocates of administrative reform failed to consider the possibility that public sector management might be different from private sector management both in terms of the external political pressures on the executive and departments of government and the intra- and inter-organizational politics of departmental operation. The introduction of the FMI offered an ideal opportunity to explore some of these issues. It was, its advocates argued, a major vehicle to change civil service

practice and culture. However, the nature and basis of these practices and culture were rarely discussed and, as Metcalfe and Richards (1987) note, only poorly understood.

Our research, which was part of the ESRC Management in Government Initiative, set out to examine the genesis, implementation and impact of the FMI. To guide us we established three working hypotheses:

- (a) that the contribution of the FMI to efficiency and effectiveness would be limited by the differentiation of British central government;
- (b) that the contribution of the FMI to efficiency and effectiveness would be limited by the tensions between the demands of management and those of politics, and
- (c) that the effective implementation of accountable management would be limited by the capacity of government organizations to meet its technical, organizational and political preconditions.

Five main sources of data were used separately and collectively to test these hypotheses. A documentary review and a comparative survey were essentially contextual sources: they helped map out general developments and relate them to practices elsewhere. In addition three primary sources, i.e. fieldwork, an interview programme and two discussion groups, were used to gain different perspectives on the same phenomena.

The *documentary review* comprised a survey of governmental papers (both published and unpublished), parliamentary reports, and academic and other commentaries. The focus was on the specific elements of the FMI, but consideration was also given to associated reforms introduced by the Conservative government since 1979 (e.g. the Efficiency Strategy and the later proposals for executive agencies). The government documents included not only the white papers which announced the FMI and reported on its progress (Cmnds. 8616, 9058, 9297), but the products of the Financial Management Unit and its successors (the Joint Management Unit and later the Financial Management Group of the Treasury) (further see below). Departments themselves also documented FMI plans and progress, and various groups (such as the Treasury's Operational Research Division (Treasury 1986b, 1987)) prepared reports on more specialized aspects of developments.

The second contextual source, the *comparative survey*, was designed to compare the FMI with, first, the Conservative government's general philosophy of public sector management as it applied in local government and other agencies and, second, the experiences of other countries. Here members of the team utilized their contacts with Commonwealth and US government organizations in addition to their activities on working groups organized by the International Institute of Administrative Studies (IIAS) and the Royal Institute of Public Administration (RIPA). In such groups it was possible to discuss and examine UK developments in a comparative fashion (see, for example, Rist (ed.) 1990). Members of the research team also attended various seminars and conferences on the FMI held by government departments and by external consultants promoting the initiative. These were often closed groups, internally run for selected and internal audiences operating under Chatham House rules.

The *interview programme* comprised interrogations of officials, consultants and politicians who had been involved with the genesis and implementation of the FMI both in departments and at the centre of government, as well as those who worked in specialist applications such as performance measurement and evaluation. Questions were based on pre-set agendas but did not follow a rigid pro-forma. Responses were noted rather than tape-recorded and confidences were respected.

In order to test the hypotheses in the context of actual civil service operations three separate *fieldwork* projects were conducted. Each was designed to investigate the effects of the FMI in one of three distinct types of civil service activity: *policy work*, *executive activity* and *resource allocation*. In each case the research team conducted interviews with officials at differing levels of the departmental hierarchy and examined as much of the FMI systems at work as it was permitted. The difficulties of setting up these studies and in particular the issue of access should not be underestimated. Preliminary discussions with departments were long and detailed and the criteria for access were always (and very properly) carefully designed. In particular the parameters of the investigations and conditions of confidentiality were always tightly defined.

The effects of the FMI on policy work, i.e. statutory formulation and implementation and the associated regulatory activities, were investigated in two policy divisions of a Whitehall department. Both divisions extended to regional and local organizations and were supported by professional grades. Executive activities, i.e. the transactions involved in the direct provision of services to clients, were investigated in the regional headquarters of a major spending department. This office came close to an archetypal administrative agency, responsible for the provision of services rather than the formulation and regulation of policy. As such it was a discrete entity with a specific task (and a large number of employees). Resource allocation, including both the planning of an agency's share of public expenditure as part of the annual public expenditure survey (PES) and the internal distribution of the PES allocations within departments, was investigated in a department with a clearly defined revenue-cost relationship which could be used as a criterion for resource allocation.

Thus the fieldwork in departments was related to specific activities. This did not allow, even if we had wished, a comparison of the progress of the FMI within or between departments. But it did permit us to trade access for a set of findings specific to an activity. We found the departments sympathetic to this approach, not least because they have become rather nervous of successive (and somewhat unhelpful) attempts to devise league tables of departmental performance without taking into account the nature and context of the differing activities they performed.

Finally two series of *discussion groups* (also held under Chatham House rules) provided a broader view of the practice of the FMI. The first comprised four civil servants and consultants instrumental in the design and development of the FMI. This group, which met quarterly until the later stages of the field work, gave reactions to our regular progress reports and advised on approaches and issues to be followed up. The second group comprised ten civil servants responsible for FMI development in their departments. It discussed a series of themes in FMI experience,

especially differences in departmental context, links with wider management processes such as resource allocation, and more particular aspects of implementation. From these discussions we were able to assess the extent to which our findings were peculiar to specific departments or activities.

As usual in cases of research into British central government, much of the data to which we had access was 'restricted' and we are bound in its use by the Official Secrets Acts. These conditions govern the presentation of our findings in this and other publications.

TOWARDS A NEW MANAGEMENT OF CENTRAL GOVERNMENT

Background

We have written before on the genesis of the Financial Management Initiative (Gray and Jenkins 1986). Recent developments aimed at establishing a management culture in British central government have also been discussed by other writers (Fry 1988; Hennessy 1989; Metcalfe and Richards 1987). What follows is therefore less an attempt to retell an old story than an attempt to set out the wider political and administrative context of our research and to emphasize a number of issues that emerged from our interview programme.

First, then, it would be a misconception to see the development of a new culture of management as a product simply of the advent of Mrs Thatcher in 1979 and the influence of 'New Right' thinking on the efficiency of government. These forces are undoubtedly important within the wider influence of *external* political and managerial stimuli in precipitating change; but to emphasize them would be to neglect important *internal* pressures on the administrative system throughout the 1970s.

In our discussions with those involved with the FMI we were struck by the emphasis given to the ideas propagated by the Fulton committee (Cmnd. 3638). It may now be fashionable to downgrade Fulton's influence and the content of the report itself (*Contemporary Record* 1988), yet we were told repeatedly that without Fulton many of the changes that took place would not have been possible. As one former senior official remarked, 'its products influenced a generation of administrators who rose through the ranks to become leaders of later change programmes'. Such assertions are difficult to evaluate precisely. Nevertheless, there is clear evidence that many civil servants involved in Fulton and its aftermath, including the Heath Administration reforms, were at the forefront of efforts to change civil service operations a decade later.

What was different about the intervening years, however, was a change of emphasis linked closely to the growing involvement of outside advisers and management consultants in departmental operations. As one respondent told us, 'what had been wrong with past efforts was that they had been directed at management for policy choice rather than with the job of managing departments'. This statement implies that previous reform efforts had been misdirected not least in the way they had failed to develop an information base on which financial decisions could be made. This criticism was expressed with more detail by another former official:

... what was absent was a clear package of financial information systems. This was noticeable both in the departments and at the centre. It was also reflected in the Public Expenditure White Paper which at that time was a mess containing little valid financial information in a constantly changing format.

These views on departmental financial management were also reinforced by the economic climate and the attempts by the centre, especially the Treasury, to cope with what it saw as a crisis in public expenditure. The 1970s saw the evolution of cash limits and squeezed departmental budgets. We were constantly reminded that for the Treasury these were the means for enhancing *cost awareness* in government and for the departments they were the 'landmarks of management change'. However, as instruments of financial discipline and general management they were bitty and piecemeal. The arrival of the Thatcher government of 1979 was thus an opportunity to develop a more coherent and integrated 'culture of good management'.

These developments are mainly of a *managerial* nature, albeit representing a particular type of management thinking. The Thatcher government added to this a set of *political* goals including the regeneration of the economy through the reduction of the public sector and the exposure of the residual to competitive forces. The successive Thatcher governments and undoubtedly the Prime Minister herself have therefore been interested in 'managing the civil service' as an adjunct to managing the state.

One of the government's central policies in this field was a reduction in civil service numbers. Our research indicates that this policy was perceived both at the centre and in the departmental outposts as crucial though often for different reasons. At the centre it was often referred to as 'the essential discipline that had allowed further management changes to be implemented'. However, in the field it was frequently seen as a constraint that threatened efficiency; manpower restrictions were applied by the centre as a policy in its own right rather than as part of an *integrated programme* of financial and personnel management.

The management changes of the early 1980s were therefore driven by a range of potentially conflicting goals. However, for those seeking to change the system from within, the omens seemed to favour more extensive developments. In this they were helped by the creation of the Efficiency Unit and the appointment as its first head of Sir Derek (later) Lord Rayner who, although scathingly described at the time as 'a knickers man' by one permanent secretary, was well aware of the political geography of Whitehall (Hennessy 1989; Metcalfe and Richards 1987). This helped him to facilitate a climate in which further change could take place and to develop an implementation model which was not only successful in the efficiency scrutinies but was copied in different ways in the implementation of the Financial Management Initiative (FMI), and more recently, the Next Steps programme (Flynn *et al.* 1990).

As was noted above the Efficiency Unit was important in promoting the views of external management consultants in the higher reaches of Whitehall. At this time the view of the reformers was that departments required a common

management framework in which finance was simply one element. Such ideas were not shared by the Treasury; it saw more management as management accounting in a tight financial framework. Thus it resisted attempts to call the FMI simply the Management Initiative. That this Treasury view prevailed was a factor that affected the development of the FMI both at the centre of government and in its implementation in the field.

The Financial Management Initiative: aims and implementation

The Financial Management Initiative (FMI) was launched by the government in 1982 (Cmnd. 8616). The good management of the civil service was now to be seen as a policy in its own right, to be promoted through the development of management information systems and the processes of accountable management. This policy was underpinned by the government's commitment to expenditure control and a new *culture* of public administration in which resource management was to be a cornerstone. Thus, the major aims of the FMI were:

- to provide managers in departments with clearly defined objectives;
- to promote a clear specification of responsibilities for both resources and operations;
- to provide the necessary support (information, training and related management resources) for the execution of responsibilities (Cmnd. 8616, 1982).

From the outset, therefore, the FMI sought to promote *accountable management*, i.e. a system in which authority and responsibility are delegated as far as possible to middle and junior managers who are made aware of and accountable for meeting their costs and other performance targets. Accountable management represents the guiding ideology of the FMI. It has been operationalized through three major elements: top management systems, decentralized budgetary control and performance appraisal. *Top management systems* (TMS) are intended to provide senior departmental officials and their ministers with information on the scope and scale of departmental operations and the use of departmental resources (Financial Management Unit 1985a). The intention has been for choices about programme development to be better informed. Hence, all departments now have their own systems with a consequent explosion of acronyms (e.g. MINIM for the Ministry of Agriculture and ARM in Trade and Industry). In the long run the intention is for these systems to be instruments for integrated corporate and programme planning (HC 588, 1986/7).

Decentralized budgetary control, on the other hand, has been more concerned with operational management. Its primary functions are to assist departmental managers focus on their operational and *financial* responsibilities by providing a hierarchy of cost centres (Treasury 1986a). As with TMS, every department now has some form of budgetary control and management accounting system with its own acronyms (HC 588, 1986/7).

Assessing the efficiency and effectiveness of performance has been the aim of various instruments of *performance appraisal*, with particular initial emphasis on a range of indicators of both operational achievements and their costs (Treasury

1986b; 1987). Departments have been required to publish these in annual public expenditure white papers as part of the process of increasing accountability. There has also been an intention to use the indicators to inform the allocation of resources. Thus, departments with performance indicator schemes that meet Treasury approval may gain some liberalization in their running cost regimes (Thain and Wright 1990). A further hope is that this emphasis on performance appraisal will help to encourage the restoration of a broader regime of programme evaluation (Treasury 1988).

The above represents the official version of the FMI as promoted by the centre. However, the apparent coherence of its framework conceals a heterogeneity of organizational and political contexts and a variety of conceptions (some limited) of public sector management. To realize the FMI in this world required a specific implementation strategy. In this the designers of the FMI applied an important lesson from the success of the Efficiency Strategy by establishing a small central body to oversee and guide progress. This group, known initially as the Financial Management Unit (FMU), comprised a mix of government officials and private sector consultants with a full-time establishment of only half-a-dozen at any one time (Hennessy 1989, ch. 14; Russell 1984). The FMU employed a blend of exhortation and stimulation in its dealing with departments. As one official close to it remarked, it was 'six against six thousand'. Nevertheless, it sought to identify and promote what it saw as good practice in and across departments, protecting and encouraging departmental representatives who had been given responsibilities for running the FMI. Many of these officials were, in the first instance, openly hostile to the unit's objectives; they questioned the need for the FMI and its systems. However, within a short space of time, many were captured (if perhaps not captivated) by the FMI philosophy. At the same time the FMU sought to promote its activities through the media. It made its work as open as possible and cultivated selected journalists to publicize its efforts. Such action was seen as vital to counter internal opposition within Whitehall and to establish a legitimacy that would be difficult to oppose.

The success of the FMU therefore depended on the cooperation and commitment of management teams within the departments and its ability to retain an independence at the centre. Exhortation alone, however, is not enough and in the early days at least departments were pushed into making regular commitments to the FMI through a series of white papers (e.g. Cmnds. 9058 and 9297). These set deadlines for reporting progress although, crucially, the FMU gave departments discretion to apply the FMI's common framework to their own particular context and condition.

Thus, although small, the FMU was highly effective as an agent of organizational change in Whitehall. In particular the qualifications and experiences of its members, and its relative independence from the Treasury gave it considerable authority. However, while the FMU's successor, the Joint Management Unit (JMU), continued to push the FMI forward, it found itself under considerable pressure to integrate its activities more closely with the wider programme of Treasury operations. The disbanding of the JMU in 1987 and the absorption of its responsibilities

into the regular structure of the Treasury, specifically the Financial Management Group, indicates that the structures and processes of the FMI may now have been institutionalized into the regularities of department-Treasury relations. It was put to us that one consequence has been an emphasis on *financial* rather than holistic management. If so, the architects of the FMI would be disappointed.

In the era of the 'Next Steps' has the FMI passed its 'sell-by' date? If some in Whitehall believe it has, our researches indicate that for many middle and lower level civil servants the FMI is very much alive and well enough to have become a fixture of administrative life. The next section, however, draws on our fieldwork in suggesting that departmental experiences may not always have reflected the hopes of the initiative's creators.

DIFFERENTIATION, POLITICS AND FINANCIAL MANAGEMENT

In its application the FMI reached out from the centre to the departments in Whitehall and their regional and local offices. Here it was shaped and influenced by the differentiation of government tasks, activities and traditions and by the political implications of the new management regime.

Differentiation can be conceptualized not only in terms of the functions and services of government, but those of financial responsibility (i.e. the extent to which the agency has direct control over the spending of its own budget) and the different facets of civil service management (e.g. policy work, executive operations, and resource allocation). This variety was recognized in the White Paper announcing the FMI (Cmnd. 8616, 1982) and has provided for a diversity of FMI development. Three of the more interesting manifestations have been the different conceptualizations and operationalizations of the FMI framework, the distinction between policy work and executive operations in its application, and the differing attitudes among civil servants to the role of accountable management in government.

Conceptualization and operationalization of the FMI

Although many in central government speak of the FMI as if it were a homogeneous concept and practice, there are conceptually and operationally many FMIs. This is true both between and within departments as well as in the Treasury. Some conceive the FMI simply as a limited, if useful, instrument for controlling *costs*. Others regard it as a more substantial system for planning, allocating and controlling *resources*. For a few it is, more significantly, a general philosophy and regime of departmental *management*.

Despite the original aim of integrating operational and resource responsibilities, almost everyone in Whitehall confirms that in practice the FMI has concentrated on the management of resources. Further, the emphasis has been on administrative or 'running' costs rather than programme expenditures. An explanation is not hard to find; running costs are relatively discrete, measurable, and tend to lie within departmental discretion. Perhaps above all they reflect that waste which the government has been committed to eradicating. Thus across and within departments, the development of both decentralized budgetary control and performance indicators has tended to focus on these costs rather than programme expenditures.

This emphasis has had important implications for the development of the FMI in different departments. In departments where budgets are made up predominantly of programme expenditures (e.g. Education and Science and Health), the FMI emphasis has little practical significance (running cost savings are likely to be insignificant in relation to programme output). But for other departments, such as the tax gatherers in which expenditures are almost exclusively running costs (i.e. expenditures to facilitate the tax gathering), the FMI emphasis has been very significant. As one official in one such department remarked, 'the FMI could have been designed for us'. Indeed, there was evidence from this department that suggested something of the way FMI systems were intended to inform both the public expenditure survey and intra-departmental mechanisms of resource allocation. Of course, between these extremes lie the remaining central departments and agencies each with its own particular cost profile. All this is indicative of the way the conceptualization and operationalization of the FMI in a department has been influenced in part by the extent to which its expenditures represent running costs.

Differentiation of departmental activities

If some departmental differentiation has been influenced by FMI design, some is also intrinsic to departmental activities. This research investigated, for example, the implications of the distinction between policy work and executive service delivery. In executive operations the FMI is judged by its contribution to the management of departmental throughput, especially whether it provides the information required to make choices about the deployment of resources. In large executive activities this contribution can be made even at fairly junior management levels. There are, for example, senior executive officers (Grade 8s) in one of the regional headquarters we visited who have dozens of employees in their charge. Information about establishment costs, usage of consumables and work demand is needed by those with operational discretion. Thus, because they can help to provide this information, FMI systems have tended to be relatively coherently developed in such areas of executive activity.

In policy work, however, the FMI appears to have had little to offer beyond helping to monitor costs, despite the specific attention paid to its potential (Financial Management Unit 1985b). Some policy divisions have establishments of only 20 or 30. In these circumstances effective discretion is minimal and there is only a limited contribution for the FMI to make even to decisions about administrative costs. In decisions about policy content a similar picture emerges (Banks 1990). In one policy division our investigation coincided with a public and major policy crisis. In the ensuing deliberations FMI information and systems had little to contribute to the decisions.

Even where FMI systems were able to make informed contributions, ministers (for whom top management systems are intended) were disinclined to use them on a regular basis. This clearly varies between ministers and departments. We were told that in some cases there was 'an objective vacuum' at the top. In such instances using the FMI for policy work is problematic. More significant, however, were the instances where ministers or senior officials refused to believe or simply ignored

the FMI information. Here the political inclination was to promise delivery even when systems indicated that resources were not available without re-prioritization. Nor should this be surprising; the issues involved in such policy choices rest largely on political realities rather than financial abstractions (the argument of force rather than the force of the argument). Further, many ministers are either not interested in management or have little time for it, points emphasized by the Next Steps report (Jenkins *et al.* 1988). Thus, the FMI appears to have had little impact on policy content.

Differentiated attitudes to the FMI

Although the research did not involve a systematic survey of officials, it was possible through the interview programme and the fieldwork to identify various attitudes to accountable management in conception and practice which, in part, appear to confirm the results of other research (e.g. Colville and Tomkins 1988–9). We found few *rejectors*, who deny the FMI's relevance from first principles, and *devotees*, who champion the cause unquestioningly, but many *sceptics*, those who have 'seen it all before' and believe 'it will go away eventually if we just sit tight'. But it may have been the many *disillusioned*, i.e. those who have been sympathetic to the aims of the FMI but upset by its practice, who have been most responsible for the limited progress in some of the FMI systems.

According to Thorpe-Tracey (1987), one source of disillusion has been the way the public expenditure survey calls for expenditure bids to be supported by FMI derived information about performance and costs which is then largely ignored when secretaries of state and the Treasury negotiate the allocation of resources to departments. Such disillusion is aggravated by the way the FMI, although ostensibly concerned with financial resources in general, has come to be associated with a regime of manpower cuts regardless of the cost-benefit profile of programmes. In such a climate it has been hard for FMI officers to persuade their colleagues of the potential benefits of more systematic financial management.

Of particular importance here is the failure to integrate personnel and manpower planning with the development of the FMI. We were told by some of the FMI's strongest supporters at the centre that the Treasury ('small, fragmented and obsessed with public expenditure totals') had attached little importance to personnel matters. These observations were confirmed by the fieldwork studies which identified a fundamental problem in 'the separation of establishments from running costs'. Indeed, as one official observed of the Treasury, 'it was often as though those running the expenditure divisions never talked to or had even heard of those running the FMI'.

Nevertheless, while such problems are recognized we met many civil servants whose views of the FMI were almost wholly positive. Many of these are the *converted*, i.e. those who through their direct experience of the FMI have come to believe in its objectives and relevance to the management of government. Many of these remain in the departments battling for what they see as necessary reforms. A few, however, have become frustrated by the limitations of developments and lack of incentives and have left the service altogether. FMI progress requires their

retention in influential positions. Their departure, however, offers further evidence of fundamental problems with the design and indeed 'management' of the FMI, issues discussed further below.

Financial management and politics

The disillusion described above reflects the way public sector organizations are both administrative *and* political entities with all the contradictions that implies (Gray and Jenkins 1985). By imposing rules of budgeting and financial reporting, for example, new accounting systems change the balance of interest and advantage within the management of government and as a consequence, expose latent political tensions (Birnberg *et al.* 1983; Hopwood 1984). This problem was recognized by the FMI designers; the intention was indeed to change the behaviour of financial management by changing the rules which governed it. Civil servants are traditionally adept at playing and adapting to games; it is a feature of their socialization both before and after entering the service. But, the balance of advantage in resource allocation has shifted in favour of those who can exploit the very marked emphasis on economic rationality expressed in the FMI rules and systems.

Most departments have recognized this shift and developed new practices. These have changed the internal politics of the department rather than eradicated them. The budgetary process is now more favourable to those with discrete and measurable activities, particularly if costs can be matched with outputs. In a climate of constant expenditure review, therefore, resources are more likely to be protected by an ability to prove (i.e. in the language of the FMI) that a reduction in costs will be followed by a measurable loss of service.

Thus tensions arise between the quantitative and qualitative, between those activities that can be easily expressed in the language of the FMI systems and those which cannot. For those who support or represent the interests of the latter, there is a growing sense of alienation particularly amongst junior managers (i.e. Grades 6, 7 and 8). In contrast to those who can work with the systems (the new financial bureaucrats), these managers at the point of service delivery feel frustrated by their inability to take part in the new discourse in defence of the quality and utility of their work.

The frustration this generates depends also on ministerial support and interest in the FMI systems. As noted earlier, however, ministers do not always welcome the management role set out for them. One secretary of state, for example, returned to his department after a cabinet meeting in which the FMI framework had been approved for general application; he told his officials that he was not interested in all these systems but they had better concoct something that would make it look as though the department was proceeding!

This ministerial reluctance to be managers arises in part because they prefer not to compromise their position as promoters of political values, and in part because their career mobility makes unlikely any recovery of investment in familiarizing themselves with a department's management systems. This distancing of ministers from the practice, as opposed to the rhetoric, of the FMI, can be frustrating for senior managers, especially those who are responsible for making the new systems

work. It also illustrates the age old problem of whether policy and management (or policy and administration) can or should be separated.

The pattern of ministerial distance and involvement varies between individuals and departments. However, there have been many instances of even supposedly committed managerialist ministers using the systems for their own purposes. One senior official complained, as well he might, that his secretary of state was using a system, ostensibly set up to inform ministers of the allocation of responsibilities and resources, as a basis for second-guessing the advice of senior officials. Thus a system designed, however imperfectly, for informing choices can be used selectively as a political control. This practice can and does weaken the credibility of the system among the managers of the department and thereby reduces their commitment.

A similar problem has arisen when apparently managerially rational courses of action have been overruled by political considerations. In the past few years a number of departments have accepted the logic of the FMI and used its information to argue for more resources, including staff. Revenue departments, for example, have been able to show a considerable positive return on investment of additional hiring and paying of inspectors. These arguments, which would lead in a private company to the investment being approved, have usually been rejected on political grounds, i.e. the government's *a priori* commitment to the reduction in the size of the civil service and its expenditure (see above). Thus, efficiency and effectiveness have been subordinated to economy even if in the last few years there has been evidence of a more balanced approach to efficiency management.

In general, therefore, the application of the FMI has shown that its systems are not value-free they have brought their own ideologies and challenged the balance of advantage within and between departments. But their realization is shaped by the *practical* as opposed to *rhetorical* commitment of ministers and senior managers to their systematic use.

This *realpolitik* is part of the diversity of task and context which has shaped FMI development. Application has been more coherent where there have been distinct and discrete services, clear resource patterns and responsibilities, and measurable operational achievements. Development has also been more sustained where the systems have brought a clear benefit for resource allocation both within the department and in relations with the Treasury. The FMI has made a less direct impact, however, on the formulation and regulation of policy.

ENGINEERING MANAGEMENT CHANGE

The introduction of accountable management, no less than other management reform, makes demands or requires preconditions which have to be identified and managed in their own right if change is to be successfully implemented. Earlier researches suggested that these conditions fall into three groups: technical, organizational and political (Gray and Jenkins 1982). Technical preconditions include the capacity (hardware, software, and skills) for handling the new procedures and systems of accountable management and the provision of the necessary data bases and their amenability to interrogation. Organizational preconditions comprise

the need for new systems in accountable management to be systematically integrated with the functions and regularities in decision making and control, such as the budgetary cycle, if they are to inform decisions effectively. Political preconditions are those which give the new developments their authority by recognizing the way in which management changes may be essentially subversive of the status quo and therefore need to be consciously supported by the necessary political and related authorities.

Technical preconditions

A reform which attempts to enhance financial management depends fundamentally on accounting and related quantitative skills for its development. These skills are either already in place or have to be developed (by recruitment or training). For the FMI the technical base was initially poor; not only were the numbers of qualified accountants low (the Foreign and Commonwealth Office celebrated its first appointment in Cmnd. 9297, 1984!), but, with some exceptions, training programmes lagged behind operational requirements. As a consequence, the FMI's progress was limited by a shortage of skilled manpower.

One way of overcoming such problems has been through the use of consultants. Indeed, the era of the FMI has been accompanied by a boom in the use of external consultants in Whitehall not simply in areas such as financial management but also in privatization and the creation of agencies. Perversely one reason a department may welcome consultants is that they offer a way round manpower constraints, i.e. resources can be used to buy in services but not to take on staff. We were also told that consultants were also used to legitimate actions that departments or sections wished to take but found difficult to initiate from within. However, consultants were not always the answer and in some cases their use clearly led to a certain amount of misinterpretation on both parts and a tendency for the consultants to prescribe 'off the peg' solutions rather than those appropriate to specific departmental needs (e.g. in the development of performance indicators).

Partly to overcome the in-house deficiencies, departments have developed their own programmes of awareness and technical training. Much of the former has been provided through a cascade scheme, i.e. senior managers are trained first and they in turn train their subordinates. This can be efficient but also defective as the message at the senior levels turns out to be quite different when it arrives at the junior reaches. This is aggravated by an emphasis in technical training on procedures (e.g. how to complete information proforma, and what to do about reported unfavourable expenditure variances) at the expense of explanations of what systems are for and how they interrelate.

There has been a major problem arising from the technical weaknesses of the systems which have been set up, especially the way the different elements within a department are fragmented. Systems which attempt to identify accurately every expenditure inevitably contain errors. There is a consequent lack of credibility for such systems and managers spend unnecessary time auditing these lists for unfavourable errors. Similarly, there has been a tendency for the management information systems which inform the public expenditure survey to be structured

on programmes while those of budgetary control reflect establishment cost centres. The failure to integrate these bases restricts the inclination and ability of managers to institutionalize their use. Not enough attention has been paid to relevance and reliability in system design and too much to comprehensiveness and validity.

Organizational pre-conditions

The integrative weakness applies also to the precondition that financial management should be linked systematically to other management processes (see above). FMI systems have not been well integrated with human resource management. The failure, for example, to use individual personnel reports in the deployment of FMI officers has undoubtedly aggravated the skill shortage. Manpower planning is anyway rather rudimentary in central government but there is very little sign that even present practice is being incorporated into top management systems, budgetary control or the lessons learnt from performance appraisal (HC 398, 1989). However, the way the FMI is institutionalized with the annual public expenditure survey imparts a coherence and integrating discipline which earlier reforms such as Programme Analysis and Review (PAR) lacked to their mortal disadvantage.

A further organizational lesson learnt from earlier reform management is the contribution which can be made by a central unit responsible for guiding implementation. Our earlier discussion indicated the importance of bodies such as the Efficiency Unit in implementing the efficiency strategies and the Financial Management Unit and Joint Management Unit in designing and facilitating the FMI. These units have brought a sustained drive to the implementation by developing a workable methodology and discipline. They have also learnt from the experience of PARC, the cumbersome representative committee responsible for coordinating PAR, that effective implementation of management change will fail if left to traditional negotiating institutions.

Organization at the departmental level has also been crucial especially in terms of coordinating departmental efforts. In most departments the oversight of FMI changes have fallen to finance sections. However, departments which have made most progress are those retaining a vision of the FMI as 'holistic management' rather than simply an appendage to financial operations. Yet, the success of such units is also dependent on their ability to market FMI changes within departments; the legitimacy of such changes cannot be taken for granted. Hence incentives rather than threats are essential to engage and retain long-term commitment to change programmes.

More recently, there has been a recognition of the value of an appropriate incentive structure. Previously the absence of positive inducements has been an important brake on developments and it is still the case that for many activities there is no incentive for officials to make operational savings because they retain few of the gains. Unexpected windfall savings should not necessarily be claimable by the activity but there is rarely a valid case against allowing departments to retain a proportion of savings made from regular planned expenditure. This is one of the most significant ways in which, in an era of resource constraint, a department may be able to finance new initiatives. It is also a major issue recognized

and taken further in the design of the 'Next Steps' agencies (Cm. 914, 1989).

Political preconditions

Management reforms are challenges to the vested interests of those who benefit from the status quo. Thus there is a need for a political authority to drive the reform in order to gain the intended benefits. The FMI has never been short of the necessary political authority. This has emanated from Mrs Thatcher, who took a personal interest in management matters, and was reinforced by a central unit (always with strong Treasury involvement) to direct and coordinate developments across departments (Hennessy 1989).

Yet it is also crucial to engage ministerial interest. As we suggested above, neither this nor the way FMI results may be used selectively for political purposes can be taken for granted. However, in spite of these difficulties, many senior officials appear to be genuinely convinced of the FMI's potential at least as part of an integrated and *developing* programme of reform. They see the FMI's evolution as a system that is gradually changing the climate in which political decisions are made. Thus we were told that a developed FMI's function was 'not directly to make choices but to provide a framework in which informed choices can be made'. Its political value could and should be demonstrated.

Implementation strategies need to pay close and systematic attention to satisfying the technical, organizational and political preconditions for effecting new management cultures. In the case of the FMI, more systematic attention has indeed been paid to these conditions and the evidence suggests a greater degree of effective implementation than might have been expected from the experience of previous reforms.

IMPLICATIONS

These findings have certain implications for the state of accountable management at the beginning of the 1990s. First, it is clear that as a programme of financial management the FMI has introduced and *institutionalized* a change of emphasis in civil service management: primary responsibilities now no longer lie exclusively with the management of policy but include the management of resources. This has brought a notable advance in cost awareness and in the procedures of general resource management. Its decentralizing tendency has also facilitated local solutions for locally identified managerial needs. But the additional reporting obligations have also threatened effective managerial discretion. Furthermore, the FMI is still very much about *financial* management; while manpower planning was loosely incorporated into the running cost regime in 1988, there remains only a weak integration with human resource management in general, quite apart from broader concerns with planning and control. The argument in central departments is now less about strategic objectives, priorities and effectivenesses than about expenditure justification.

This change of emphasis has enhanced the role of economic rationality in the management of services. The improved accounting and related skills which have

followed have improved the *technical* quality of financial management. But they have also imported into government codes of accountability not designed explicitly for government in general let alone for its specific and differing activities (Gray and Jenkins 1986). There are also dangers in too naive a view of the potential of accounting; it may offer *ex post* rationalization just as easily as *ex ante* information and in either case a danger that choices may be made by its systems rather than taken by ministers or officials.

Second, the FMI's *varied* development confirms that the differentiated character and context of government activity must be accommodated in the design and implementation of financial and related management reform. What are now known as 'the Next Steps', i.e. the identification of discrete businesses within departments which can be hived off and managed through executive agencies, are a belated recognition that the development of management in government cannot be uniform. These agencies should allow more local identification of the preconditions for engineering change and a more local and contingent planning for them. Yet here too the issue of whether administrative issues can be separated from policy and managed accordingly remains acute.

Third, at least until recently, the freedoms to be rewarded and to fail appear not to have been part of the new liberalization. Perhaps this explains why one official described the FMI as 'a little bit of freedom and a lot of grief'. The effect has been to inhibit learning from experience and allow closed and sectional rationalities to hold sway. The resulting narrow emphasis on *cost* management has been at the expense, paradoxically, of the very cultural change which the reform has been designed to produce.

Fourth, despite these difficulties, the FMI has been something of a success in terms of the *management of change*. Previous reforms have encountered implementation difficulties through their failure to meet technical, organizational and political preconditions. They have also neglected the requirements of engineering the attitudes and behaviour consistent with the desired change. Recognizing this and departmental differences, the designers of the FMI evolved an implementation strategy that established a firm organizational base to manage the change and allowed departments to design their own systems within a common framework. There were also deliberate attempts to translate good practice between departments, assist change agents in their battles for legitimacy and, where necessary, apply political pressure to remove obstacles.

Nevertheless, there have still been difficulties. The conflict of objectives mentioned earlier (e.g. financial vs. holistic management) has meant that implementation efforts have not always resulted in identifiable improvements to the lot of grass roots managers. In particular, Treasury pressure to concentrate on the control of running costs and a failure to integrate systems within the FMI have resulted in a demotivation of middle and lower level managers and a consequent diminution of implementation success (see also, Colville and Tompkins 1989-90).

However, meeting the technical and organizational demands of implementing management change provides less of an obstacle than meeting the political preconditions, especially the need to change the politics of departmental management.

Some reformers naively assume that accounting changes are value free; in practice they are subversive political instruments which can affect the balance of advantage within the management process. Further, the enhancement of accounting procedures necessarily imports new codes of accountability which can threaten the prevailing culture. All this requires explicit recognition and management.

Finally, the politics of management in Whitehall reflect underlying characteristics of the state and government. An intensification of central control through accounting systems has been in train. There is a paradox that a regime ostensibly committed to decentralization of institutions maintains and enhances its effective control through systems of resource allocation and cost control (Metcalf and Richards 1987; Thain and Wright 1990). It is a tendency observed also in local government, the health service and other parts of the public sector. British government is looking more and more like the ITT of Geneen, i.e. a financial reporting machine in which managerial freedoms were subjugated to systems of central control (Sampson 1974). This is perhaps the most telling commentary on the nature of British government in the 1980s and 1990s.

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GENERAL MANAGEMENT IN THE NHS: THE INITIAL IMPACT 1983–88

CHRISTOPHER POLLITT, STEPHEN HARRISON, DAVID J. HUNTER AND GORDON MARNOCH

The Griffiths report of 1983 resulted in radical changes (to which the label 'general management' has been applied) to the formalities of organization and management in the national health service. We report the findings of a major study (involving more than 300 interviews) of the impact of these changes up to 1988. Although general management has been widely accepted in the service, and seems to have resulted in some improvements to management processes, there has been no substantial change in organizational culture. We conclude that the impact of the Griffiths model of management has been limited in comparison with the continued influence of medical autonomy and financial limitations.

INTRODUCTION

The intensity of change in the organization of the national health service promised in the recent white paper *Working for patients* (Cm 555 January 1989) is the latest stage in a process of reform that began in the early 1980s. From 1982, the annual review system, performance indicators, 'efficiency savings', 'Rayner scrutinies' and a number of other developments followed one another in rapid succession. The managerialist crusade in the NHS was given focus by the minister's announcement of an inquiry in 1982.

...we want manpower directed at serving the patient, not at building new empires of paper and bureaucracy... I intend to establish a small team, headed by people from private industry, to achieve it. Their job will not be to produce a lengthy report – there is no shortage of lengthy reports in the Health Service – but to help us produce results, not in years but in months. (Mr Norman Fowler, speaking at the Conservative Party Conference 6 October 1982).

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By the time, some four months later, that the membership of the team was announced, the focus of inquiry had shifted from the levels of manpower (*sic*) employed in the NHS and settled upon its management. When, in October 1983, (then) Mr Roy Griffiths' team made its recommendations, it was evident that, on paper at least, they represented the most radical arrangements for reforming the management of the NHS that had ever been proposed.

The purpose of this paper is not to examine the origins of the Griffiths inquiry and its terms of reference (for which see Harrison 1988) but to make a preliminary assessment of the impact of the changes which the inquiry brought about. The basis of our assessment is fieldwork, funded by the ESRC, which we conducted in 1987–8. Most of the available space is occupied in reporting our data and conclusions but we begin with a necessarily brief account of the Griffiths team's recommendations (NHS Management Inquiry 1983) and the reforms which resulted from them. (For a more detailed account, see Harrison 1988, ch. 4). (The Griffiths inquiry was confined to the NHS in England, though its conclusions were subsequently extended by the government to the remainder of the UK, though with some differences of emphasis and terminology: for details, see Harrison *et al.* 1990, pp. 174–6.)

First, the Griffiths team introduced the notion of 'general management'. Notoriously, this took the form of replacing the pre-existing system of consensus decisionmaking by multidisciplinary teams of chief officers (for a review, see Harrison 1982) with a single chief executive or general manager (GM) at regional health authority (RHA), district health authority (DHA) and unit (e.g. hospital) levels of organization. In addition there were changes within the (then) Department of Health and Social Security (DHSS) aimed at reducing perceived fragmentation in the policymaking and management process: a health services supervisory board was created to establish objectives and priorities in health services, and an NHS management board to oversee their implementation as far as the NHS was concerned. The former board was chaired by the secretary of state and included such actors as the chief medical and nursing officers, the Permanent Secretary at the DHSS and Sir Roy Griffiths himself. The latter board had a chief executive, in effect the general manager for the whole of the NHS in England. General managers were to be subject to incentives and sanctions; in due course they were appointed on short-term contracts, and subject to a scheme of individual performance review (IPR) and performance-related pay (PRP). (These provisions were subsequently extended to other senior managers). GM posts were to be open to persons from all NHS occupations (including medicine) as well as to managers from other industries.

Second, Griffiths was concerned to introduce tighter systems of control, building upon the recently introduced systems of performance indicators (see Pollitt 1985 for an account) and the review process. The latter, an annual cycle in which ministers assessed RHAs' contributions to national objectives and priorities, and RHAs assessed the contributions of districts, was extended to include the unit level of organization. The Griffiths team also introduced the notion of management budgets (MB) (later re-styled resource management: RM), a system of workload-

related budgets involving, *inter alia*, the holding of budgets by hospital consultants. (For a review see Pollitt *et al.* 1988). MB and RM are still not ubiquitous within the service, though they have spread increasingly widely, largely through a system of centrally funded pilot schemes. Griffiths also recommended the permanent adoption of the Treasury's *ad hoc* scheme of 'efficiency savings': these were renamed 'cost improvement programmes' (CIPs).

Finally, the Griffiths team proposed that NHS managers should be more mindful of consumer opinion in the organization and delivery of services, though no formal mechanisms for achieving this were proposed.

Any attempted assessment of the Griffiths changes must, of course, rest at least in part upon the changes which they were intended to bring about. It is consistent with the approach adopted towards reporting our data to let the team's words speak for themselves:

...it appears to us that consensus management can lead to 'lowest common denominator decisions' and to long delays in the management process...the absolute need to get agreement overshadows the substance of the decision required...In short, if Florence Nightingale were carrying her lamp through the corridors of the NHS today, she would almost certainly be searching for the people in charge (NHS Management Inquiry 1983, pp. 17, 22).

...there is no driving force seeking and accepting direct and personal responsibility for developing management plans, securing their implementation and monitoring actual achievement...certain major initiatives are difficult to implement...[and] above all...lack of a general management process means that it is extremely difficult to achieve change...[A] more thrusting and committed style of management...is implicit in all our recommendations (pp. 12, 19).

...it lacks any real continuous evaluation of its performance...rarely are precise management objectives set; there is little measurement of health output; clinical evaluation of particular practices is by no means common and economic evaluation of these practices is extremely rare (p. 10).

Nor can the NHS display a ready assessment of the effectiveness with which it is meeting the needs and expectations of the people it serves...Whether the NHS is meeting the needs of the patient, and the community, and can prove that it is doing so, is open to question (p. 10).

THE AIMS AND DESIGN OF THE RESEARCH

Our principal aims were as follows:

- To describe the work that general managers were doing, since research into their behaviour was surprisingly limited (see Hunter 1985);
- To map the perceptions of senior NHS managers – and other senior staff – concerning the impacts of general management;
- To ascertain whether there were systematic differences in the impacts of general management as between one health authority and another, and to explain any such differences;
- To review and develop theories of organizational change within the NHS.

We adopted a research design that was primarily, but not exclusively, ethnographic (Pollitt, Harrison, Hunter and Marnoch 1990). Our ability to conduct a 'before-and-after' study was limited by the scarcity of reliable descriptions of what had happened 'before'. An experimental approach was ruled out by our inability to control the relevant variables, and by the absence of any control group (since general management had been introduced everywhere there were no health authorities that had not received the 'treatment'). Finally, the objectives of the reform had in any case only been specified in a loose, qualitative manner (NHS Management Inquiry 1983). For all these reasons an ethnographic approach seemed most appropriate.

We decided to pitch most of our investigations at district and unit levels, but also to strengthen our contextual understanding by conducting some interviews at regional levels and with senior officials and ministers who were, or had been, connected with the Department of Health and Social Security (DHSS, later DoH) and the Scottish Home and Health Department (SHHD). All in all we conducted 339 interviews (plus numerous informal conversations) between September 1986 and October 1989 – 98 per cent of these before the end of 1988. Of this total, 301 were at or below district level (board level in Scotland). Eleven were at regional level and 21 were with officials or politicians of the central departments. The remaining 6 interviews were with officers of a variety of national bodies such as the Royal College of Nursing or the Scottish Hospital Advisory Service.

We selected the districts in which the interviews were to take place according to a variety of criteria. We chose a mixture of large and small, urban and rural, northern and southern and, perhaps most importantly, 'well-resourced' and 'under-funded'. This last dimension we determined by the crude but convenient expedient of examining where districts were in relation to their Resource Allocation Working Party (RAWP) targets. (The RAWP formula and its Scottish counterpart were in force throughout the period of our fieldwork.) A health authority which was 'above target' had, in the view of the centre, more resources than it needed. Conversely, a 'below target' authority would be a candidate for assistance when the annual redistribution exercise took place. Our selection was therefore determined by the application of these criteria, constrained by our available time and money and guided, to a limited extent, by a preference for authorities where, through previous contacts, we already had 'a foot in the door'. The result was a 'sample' consisting of three groups of English districts, each with its supervising RHA, and two Scottish health boards. The three English groups contained, respectively, three, three and two DHAs. Thus we conducted intensive fieldwork in a total of eight English districts and two Scottish boards. We also took a much quicker, lighter look at one further district which was of particular interest as being a pilot site for the resource management initiative (RMI).

METHODS

In each of the eight districts and two boards we carried out an average of 37 long, loosely structured interviews, averaging more than an hour in duration. Our aim was to interview the general manager (GM), other officers on the district

management board (DMB) or equivalent, a selection of consultants, nurses, the health authority chair and two or more members, community health council representatives, local trade union officials and local authority social services staff. We guaranteed that the identities of the health authorities would remain confidential. Some of our respondents evidently did not mind their authority being identified, but others did. We found a great willingness to talk, indeed, a number of interviews turned into confessionals or complaints sessions. One or two individuals were only prepared to 'open up' once we had satisfied them that we were not agents of the DHSS.

In most of the interviews we began with broad, open-ended questions designed to bring out interviewees' conceptualizations of the Griffiths changes. Later, if necessary, we raised specific issues, for example, what did they think of the individual performance review system (IPR)? We supplemented the interviews with attendance at a number of meetings, and with extensive study of documents, both published plans and internal memoranda. For example, in several of our fieldwork authorities we collected the job descriptions and statements of IPR objectives for key managers so that we could compare these with what we had learned of how they actually spent their time. We also compared the format and content of the minutes of key management committees before and after the arrival of general management. Finally we collected performance indicator data for each English district for 1984/5, 1985/6 and 1986/7.

Thus the main focus of our study was on the perceptions of senior managers, medical and nursing staff as to 'what was going on'. Naturally we wanted to situate these beliefs in relation to other kinds of evidence and we also had a more pedestrian concern to avoid swallowing any 'tall tales'. We therefore developed a number of techniques for cross-checking. Most obviously, we cross-checked between individual respondents – if surgeon X said that general management in the district was a shambles and surgeon Y said it was going well we probed further in order to try to establish the source of the difference of view. Second, wherever possible we checked statements against documentary or statistical sources. Third, when we had drafted our preliminary findings we took them back to four of the health authorities in the sample and presented them to meetings of those we had talked to earlier. We also sought written comments from the individuals we had interviewed in the remaining authorities. In all this we were attempting to acknowledge the force of the arguments in favour of 'respondent validation' (Bloor 1979; McKeganey and Bloor 1981).

Finally we added an additional procedure which we hoped would clarify our thinking and at least marginally enhance the validity of our interpretations. In examining the question of the impact of general management we could hardly avoid posing the counterfactual question 'what would have happened if GM had *not* been introduced?'. Some clarification of this counterfactual was necessary if we were to know which of the contemporary developments we observed could be attributed to GM and which would probably have arisen anyway (concerning counterfactuals see Elster 1978, pp. 175–221). Our approach was as follows: first, we assembled a small group of advisers, chosen on the basis that each possessed a mixture of

academic and NHS experience. This panel was presented with a summary review of such research findings as there were concerning NHS management behaviour before the Griffiths report. They were asked to modify and extend this summary picture in the light of their own experiences. Next, the panel was asked to project this pre-Griffiths situation into the post-Griffiths world – as if the Griffiths report had not occurred but all the other variables were still in place. The panel's projection was then compared with a (previously unseen) account of the findings of our research. Finally the plausibility of attributing differences between the panel's projection and our findings to GM was subject to critical discussions between the panel and the research team.

IMPLEMENTING GRIFFITHS: WHAT WORKED AND WHAT DIDN'T

The first step in the research was to record the views of NHS staff on the degrees to which certain features of general management appeared to them to be working in the ways that the 'official line' had suggested they should.

The particular features on which we concentrated our questioning, observations and documentary analysis were:

- the setting up of new management structures within districts;
- speed of decision making and implementation (Griffiths had suggested that these could be improved);
- the clearer allocation of responsibilities to individual managers (again, Griffiths argued that this was both necessary and valuable);
- the usefulness of the individual performance review (IPR) system (obviously linked to the previous feature);
- the development of greater responsiveness to the preference of the consumers of NHS services (Griffiths had claimed that the NHS was not close enough to its consumers);
- the use of management budgets and resource management as a key management tool (which Griffiths had strongly favoured); and
- increased use of performance indicator data and other types of formal, comparative data which would enable managers to identify possible areas of weakness and strength relative to other, similar organizations.

One of the most striking features to emerge from our data is the way in which views on several of these issues show acute variation between different groups and levels of staff. For example, most of the nurses we spoke to thought that decisions were now taken more quickly (and generally approved of that) while most of the consultants thought the opposite. This suggests that the 'improvements' generated by general management are very unevenly distributed – indeed, in some cases they may be confined to the DGM, UGM (Unit General Manager) and some directors of services, while most of the many other staff discharging management roles perceive little or no improvement. These patterns of light and shadow may be pointers for future management priorities.

In all the authorities studied there had been changes in formal organizational structures attendant upon the introduction of general management, and in most

of them these changes had been substantial. Most GMs were keenly aware of their enhanced authority in matters of institutional design and many saw the immediate post-Griffiths changes as but the first steps in a continuing process of adjustment. In the first 18–24 months after appointment GMs had usually felt obliged to spend a large slice of their time on structures and the appointments which set them in motion. Appropriate formal structures do not, by themselves, produce good decisions, but they can contribute to reducing overlap and delay, and to the grouping together of highly interdependent functions. They can also carry a symbolic significance, for example when clear organizational equality is granted to a community function relative to an acute function. We encountered a great variety of local structures, but only isolated protest or criticism. In general the greater licence given to DGMs to reorganize according to local circumstances seems to have been received with acceptance or even enthusiasm, at least by the majority of other managers. This generally positive conclusion is somewhat qualified by our findings concerning the ways in which hierarchical authority was sometimes being exercised (see below).

Senior managers were roughly equally divided on the question of the speed of decision making and implementation. UGMs emerged as a group particularly likely to think acceleration had occurred, while district-based planners and administrators tended to be more sceptical. Consultants were the most pessimistic category – very few of them could see any speeding-up, while the great majority of nurses believed that decisions were being arrived at more quickly, giving as their main reason the elimination of one or more tiers in the nursing hierarchy.

Clearly, different staff were thinking about different kinds of decision. The optimistic nurses were usually referring to routine operational adjustments on the wards. UGMs tended to cite minor works or changes in the deployment of nurses. Planners and administrators found the number of 'clearances' needed to get documents circulated and plans discussed were fewer than hitherto.

By contrast, both consultants and senior managers remained dissatisfied with the often slow handling of issues which involved going outside their own organizations. Much irritation was expressed by districts about regions and by regions about the DHSS. The processing of major capital schemes was one particular focus of discontent, and public consultation procedures over closures and changes of use another. As one UGM summarized, there is still too much 'answerable to district, answerable to region.' Another UGM, who was particularly critical of the inflexibility of national terms and conditions of service, thought that while detailed decisions got taken more quickly 'the total doesn't move very fast.' Analogies with steering giant oil tankers cropped up more than once. Several respondents – both managers and doctors – drew a distinction between speedier decisions (which they recognized were taking place) and more effective implementation (which they doubted). In addition to the alleged slowness of regions and the department, they claimed that haste and lack of consultation meant that some decisions (e.g. in one case to convert a ward to five-day status) came unstuck. Managers were then obliged to retreat and start again.

Most of our respondents thought that the introduction of GM had resulted in

more precise allocations of personal responsibility. However, many of them also believed that this greater clarity did not yet extend very far down the hierarchy. Below UGM level, things became murky. Again, consultants were the most pessimistic group, a majority claiming that they could not see that the allocation of responsibilities between managers was any clearer at all.

IPR plans are one important way in which an individual's responsibilities can be clarified. In general we found that the IPR system was well received, with most respondents finding it fairly useful and some very useful indeed. Senior nurses and managers who were ex-nurses appeared the most enthusiastic. About half the UGMs, however, were critical. These managers experienced IPR as a rather top-down, time-consuming bureaucratic 'game'. Interestingly, performance-related pay (PRP) was much less popular than IPR – even those who had benefitted from merit pay 'bonuses' were uneasy at the way these might be interpreted by other staff. Our finding is that they were right to be apprehensive: consultants, nurses and more junior staff not infrequently passed cynical remarks about the motivation of senior managers who stood to benefit from PRP.

The development of greater consumer responsiveness is not an issue which emerged well from our research. A heavy majority of both the nurses and (particularly) the consultants we talked with thought that little or nothing of real significance was yet going on. There was widespread cynicism concerning what were seen as rhetorical or superficial gestures by management towards 'consumerism' while there remained glaring inadequacies in basic service provision. The consumer initiatives in various of our study districts were described as 'image building', 'lip service', 'glib', 'cosmetic' and even 'bullshit' (the last from a consultant member of a unit management group).

Of course, we also found individuals who were enthusiastic, and others who said they would have liked to do more if they weren't bogged down in cost improvements and the latest priority initiative from region or Whitehall. We also found that some things were indeed happening – redecorated waiting areas, better appointments systems, training for receptionists, better hospital signs, floral duvets instead of traditional hospital bed linen, patients' handbooks and numerous patient opinion surveys. These are all useful improvements but many staff found it hard to generate great enthusiasm for such 'frills' (a common term in our interviews) when basic standards of care were simultaneously under threat from cuts in staff and finance. One DGM candidly affirmed that his first and key IPR objective was to manage within the funds available, and that he had felt obliged to concentrate on this, possibly to the detriment of concern with the quality of care. In another district a UGM said that consumerism was 'like kicking fog – you can see it but you can't grasp it', and in any case finance was the priority issue. The overall message seems to be that, in many districts, management is not yet succeeding in building a more consumer-responsive culture.

Our findings concerning the use of management budgeting and resource management are reported in greater detail elsewhere (Pollitt, Harrison, Hunter and Marnoch 1988). Very briefly, we found a few enthusiastic managers, but many cautious ones, and a handful of enthusiastic consultants but a large majority of determined

sceptics. The sceptics included quite a number of consultants with extensive experience of MB – few of these had found the information they received to be particularly interesting or useful. It is important to recognize that these were not ‘diehards’, resistant to any consideration of resource constraints influencing medical practice. Most of the consultants we talked to were perfectly prepared to acknowledge the need for efficiency and economy, and a number of them made critical references to colleagues who, in their view, disregarded such criteria. RM was somewhat better regarded than MB (by both managers and consultants) but the difference was not overwhelming. Even those who believed that RM was the ‘ultimate solution’ (Director of Community Medicine) thought that it was foundering because it was being put to doctors in the wrong way.

Managers committed to RM in the long term spoke of ‘doing the stone-dripping bit’, of ‘going very gently’, and ‘proceeding with caution’. Those with most experience were highly critical of the optimistic timetables sometimes floated by the NHS management board. Only two of the 13 RGMs, DGMs and Scottish Health Board general managers we interviewed seemed to be making MB/RM a key priority. Others took a much more detached stance. One DGM referred to RM as a ‘red herring’ while a senior manager in another district said he preferred to let others make the mistakes. Elsewhere a DGM said that what he really needed was a reliable financial *control* system, which was not the same thing as management budgeting and need not constitute such a challenge to consultants.

Finally, we enquired into the use of comparative performance data. As far as performance indicators were concerned, our findings were in line with those of the major CASPE/King’s Fund survey of 1987 (CASPE 1988). Use of these indicators is now quite widespread, not least because most regions use them to raise questions with districts during the review process. However, use of PIs by DGMs and planning and finance staff appears to be far more frequent than use by medical or nursing staff. In so far as they are aware of them medical staff tend to question their accuracy (not always fairly, according to the CASPE research) and/or claim that they are not sufficiently detailed or sensitive to case mix to be of much use. ‘We don’t particularly trust them’, as one consultant told us.

This and similar reactions naturally prompt the question of what performance data *are* used by medical staff. Here we found considerable differences from district to district and between specialties. Some departments were quite active, usually by adopting local medical audit, or by studying the Confidential Enquiry into Perioperative Deaths (CEPOD), or by taking up other intra-professional initiatives coming from the royal colleges. Others apparently do nothing, and we found quite a few individual consultants who remained cautious, or even downright hostile, towards the concept of peer review. Managers seemed powerless to do much about this. Clinical quality was still regarded as professional territory – or as one (rather pro-Griffiths) consultant put it, ‘management stops at the consulting room door’. On the whole post-Griffiths managers continued to accept this demarcation, although there were occasional exceptions where the local cocktail of personalities was such that a respected manager was allowed at least to raise questions with the medical staff.

THE CONTENT OF GENERAL MANAGEMENT AGENDAS

One of Griffiths' criticisms of the consensus management team concept was that decision making was insufficiently proactive. It was seen as chiefly reactive and concerned with 'crisis management' and 'putting out fires'. At best, consensus management decisions merely endorsed the status quo and ensured it ran smoothly. At worst, difficult but necessary decisions were avoided. For Griffiths, general management implied a more strategic orientation and devolved responsibility for action. How far did general managers' agendas in our selected health authorities comply with this view?

In examining general management agendas, we were concerned with the following principal dimensions:

- the origins of agenda items and whether they were proactive or reactive
- the nature of the items: e.g. did they focus on financial control?
- national priorities? local priorities? specific local problems?

Management agendas comprised a number of inputs of varying significance. Local priorities jostled with national priorities for attention and looming over them all was the centrality of finance. At one level, the management agenda was long and complex. At another it was deceptively simple – i.e. keeping within budget. With 47 national priorities awaiting attention, the agenda was unmanageable for general managers. As one health authority chair remarked 'in business if I had any more than ten priorities my business was going down the drain.' The fact that many of the priorities clashed or appeared contradictory only added to the pressures on general managers. As a medical representative on a unit management board put it, it was an unacceptable situation for a manager to be told to cut waiting lists while at the same time to save money.

Without exception, general management agendas were dominated by financial considerations. The evidence from all our field sites overwhelmingly pointed in this direction. At best, general managers were obliged to balance a 'here and now' issue, i.e. not over-spending, with the achievement of the long-term strategy, e.g. dispersing patients from long-stay hospitals into the community. One UGM summed up the feeling of many general managers in stating that 'on occasion you could be forgiven for forgetting that there were actually patients in hospital'.

One UGM believed that general managers 'had been set up' to do financial management. 'The damage which has been wreaked in the last 12 months could not have been done without general managers on short term contracts'. The same UGM said that there had not been the same pressure from above on the issue of quality as on finance. No general managers had been sacked for lack of success on the quality front. For general managers whose priority was to survive beyond three years, together with the IPR system and short-term contracts, there was little option but to accept a finance-driven agenda. Many accepted this reality with great regret and thought that an exclusive concentration on narrow efficiency issues carried real dangers for the long-term health of the organization. Others were seen to possess, in the graphic phrase of a consultant geriatrician 'cash register eyeballs'. Clinicians were the most outspoken group in terms of criticizing what appeared

to them to be the dominant concern of general managers. According to one consultant, whereas previously issues might be discussed from the patient's angle they were now considered from a financial perspective.

Another concern of general managers was in shifting priorities in health services away from acute services. A district assistant director of finance and planning pointed to the mismatch between planning and resource expenditure. Even where community services were high on a GM's agenda there was a lack of success in switching resources from acute services. Management would renege on an agreed strategy and proceed to fund new consultant posts in the acute sector. Such incidents were common in the pre-Griffiths arrangements but were still occurring.

A key aspect of the Griffiths changes was that GMs had been singularly unsuccessful in confronting clinicians. As one senior official in the Scottish Home and Health Department put it, general managers 'are playing around the periphery'. Changes were taking place but mainly through attention to support services. Little attention was being given to clinical developments. Many GMs believed that Griffiths had grossly underestimated the power of consultants. One consultant, not untypically, believed that general management was 'unsympathetic to clinical matters'. Another consultant asserted that 'since Griffiths we have had a lot more conflict. Clinical advice has been ignored, cast aside. The rift between the new general managers and the clinicians has become quite wide'. The same consultant pointed to a problem which had been identified by many of his colleagues both in this and other authorities, namely, that the idea that many clinicians would be interested in taking time-consuming management posts was 'one of the serious fallacies of Griffiths'.

Given the shape of managerial agendas, the extent to which GMs were seen, or saw themselves, as handmaidens (*sic*) of the government was often a matter of some concern. One UGM subscribed to the theory that their success as managers would be measured by their ability to keep the lid on conflict with other NHS professions and financial pressure. Several complained of being caught in a dilemma, namely, on the one hand, not ignoring the harsh realities of having to stay within budget while, on the other, devoting sufficient time to the long-term objectives set out in district plans. Moreover, there was a fear that involvement in a controversial issue like competitive tendering could damage a good manager's credibility with certain staff groups and make it more difficult to secure progress in other areas. As one UGM saw it, there was a problem of GMs at one level not being supported by those at other levels. Managers' efforts to build up trust and credibility could be undermined if the goalposts were constantly shifted by other levels. Allied to this concern was a sense that such pressures could not be entirely ignored since success in general management would be determined by attention to national/regional concerns and not by advancing services locally.

Managerial agendas were virtually pre-determined by an overriding concern in central government with fiscal matters and, in particular, with 'balancing the books'. Coupled with IPRs and short-term contracts, general managers faced overwhelming pressures to conform to and accept a narrow, finance-driven agenda. For many managers, their immediate objective was to secure their future and have their

contracts renewed. GMs spent a lot of their time reacting to short-term political imperatives.

These pressures seemed at odds with the Griffiths prescription for managers who would think and act proactively. While strategic objectives did figure among general managers' objectives they were not high on their list of priorities and were driven out by a need to deal with more pressing issues.

THE IMPACT OF HIERARCHY

In this section we are concerned with the hierarchy of management relationships stretching from management board to unit level and with the relationship of this hierarchy to the medical profession. Griffiths urged the creation of a strong central management body committed to pushing responsibility down the line – 'to the point where action can be taken effectively' (NHS Management Inquiry 1983). Managers were also expected to exercise a new authority. In spite of this commitment to delegation, other pressures (e.g. the desire for financial control at the centre) were making for a highly centralized system of management. The study produced evidence on the supervisory board-management board relationship, management board-region relationship, the region-district relationship and the district-unit relationship. In addition it is necessary to consider whether hierarchically determined relationships are influencing clinicians. In Scotland there was no management board but there was a policy board. There was also no regional tier, only 'areas'.

Little evidence was collected pertaining to the *supervisory board*. This is hardly surprising since it met only on rare occasions. According to one management board member the low profile of the supervisory board was perfectly acceptable since it existed to act only as an 'umbrella against political fallout in any case.' In Scotland the policy board met just as infrequently. Neither the supervisory board nor the Scottish Policy Board showed any signs of producing explicit, limited sets of policy priorities, or even clear statements of common values.

Our research in the regions uncovered a consistent view to the effect that the *management board* did not provide a strong central management influence on the organization. 'There is no cohesion to what it does' said one regional officer. At region, senior officers said that one-to-one contacts with individual management board members on specific issues were generally successful, but complained that no one seemed to be pulling the work of the management board together. One officer claimed region had to constantly ask 'where the strategic objectives were'. Respondents in the regions pointed to the detailed financial instructions which the management board continually issued as evidence of its confused sense of purpose.

Another regional officer regarded the management board as the key weakness in the general management structure. He blamed the lack of NHS trained managers at the management board's disposal for its poor performance. According to the same person 'the centre hasn't got its act together, it's not based on realism'. However, the management board also recorded some successes. The most notable of these was performance-related pay which was running after only 18 months. Nevertheless we concluded that the management board was not delivering a corporate vision for transmission through the NHS hierarchy.

In six out of nine English districts there was a consistent view among district officers and clinicians that *regions* adopted an overbearing posture with too much detailed interference. At the same time regional officers were accused of talking on a different level of assumptions than that current at district level. Region was therefore both a 'paternalistic and distant body'.

All categories of respondent accused regions of adopting a high-handed approach to policy. As one UGM put it when discussing the management of development monies, people would become disillusioned with her if she constantly had to tell them 'sorry chaps they've shifted the goalposts again'.

A strong feeling prevailed that regions undermined authority in the districts. In one region in particular, officers in the districts complained about the level of detailed intervention going on. Regional officers were accused of failing to realize that requests for monitoring information generated considerable costs in terms of management resources. Several managers questioned the region's capacity effectively to intervene in detail. 'Region tries to meddle in affairs of detail which are beyond its capacity for understanding'. Our evidence confirms the conclusions drawn by another research team (Stewart and Dopson 1987).

We now move on to *district-unit* relations. On the whole, UGMs said they enjoyed a greater authority and autonomy of decision making. Yet the evidence also suggests that the basis of these claims is questionable. UGMs in certain districts under financial strain complained about the contributions which were demanded of them by district to help meet the overspend problem. One UGM argued that since UGMs were the budget holders it was they rather than district officers who should be allocating contributions to savings packages. It was noticeable that in these circumstances clinicians consistently questioned the autonomy of UGMs. Two UGMs, one a recruit from the private sector and the other a consultant, were frustrated with the propensity for district functional hierarchies to cut across their management of the unit.

In general workable relations had been established between authorities and their units over respective responsibilities. However the research did reveal a well-founded dilemma over 'contesting loyalties'. UGMs are clearly not wholly sure where their primary loyalty should lie – with the unit or the district/board. A consultant in a UGM post referred to the political game he played on behalf of the unit on the district management board. Another UGM pointed out that the conflict of loyalties undermined the capacity of the district management board to take a corporate view.

Only in one case did we discover an outright conflict between a UGM and a DGM. In this case the DGM had justified intervention in a series of matters on the basis that staff looked to district as the only legitimate source of authority. This was not a view backed up by interviews with doctors and nurses in the unit concerned. A number of other UGMs did acknowledge that the DGM or RGM had the right to deal directly with the clinicians in their unit.

Changes in the post-Griffiths manager's status had not in general resulted in a restructuring of the *relationships between managers and doctors*. As one unit officer put it when asked how doctors had reacted to Griffiths, 'consultants are all right as long as it doesn't bother them'. At unit level where the relationship

between managers and clinicians is perhaps most crucial there was a widely held view amongst the consultants and nurses that UGMs had not found any substantial new authority. The opinion expressed by the chairman of the medical executive committee in one district summed up the dominant view amongst doctors: that his colleagues still saw 'administrators as people who got in the way'. One consultant claimed that at unit level executive authority counted for little. Another saw UGMs as being able to act dictatorially on unimportant matters but lacking the 'clout' on issues of substance. He added that 'unfortunately the doctor always has the public's sympathy'.

In one district the UGMs even found it difficult to find a consultant willing to represent his colleagues in dealings with management. One consultant who had previously acted up as UGM thought that general managers could exploit the role of 'second-favourite' given the unlikely event of doctors actually agreeing. Another consultant in a different district believed that since consultants 'rarely spoke with one voice: nothing happened unless a manager made it'.

DIFFERENCES BETWEEN AUTHORITIES

Our prediction of finding substantial differences between authorities was fulfilled, but our expectation that this would be related to measurable differences in the tightness of resource constraints was not. For example, in one district which had always been far below its RAWP target (and looked like remaining so) the DGM insisted that there was no shortage of funds, and his claim was born out at least to the extent that complaints about resource constraints were less common in that district than several others. By contrast another district which had been on or around its RAWP target for some years was rife with bitterness over cuts and shortages. In so far as we could find a general explanation of the differences between districts under GM it seemed that many of these had evidently existed before GM. They had merely continued, or been amplified, under the new regime.

Thus in one district manager/doctor relations were quite close and discussions over resourcing were usually systematic and largely free of acrimony. In this case, however, the new GM had simply inherited a pre-Griffiths regime which, over the years, had built up these strengths. In two other cases, where 'objective' resource pressures appeared to be less severe, consultants were uncooperative and highly critical of local management. Significantly, in neither case had there been any tradition of close mutual working before Griffiths. When relatively modest clashes occurred in districts like these they could easily escalate into a general confrontation between management and the medical profession. Paradoxically, therefore, GM probably tended to work better in those places where the previous system of consensus management had itself been relatively successful.

There were signs that this might also be true of our two Scottish health boards. Here general management had been introduced later than in England and was less firmly implanted. The deterioration of the resource climate which had been evident in England since the early 1980s was only just making itself manifest. GMs were therefore in even greater danger than in England of being branded by health authority staff as mere financial surgeons.

Finally, one tentative observation was that management/doctor relations had perhaps undergone the most marked changes in the two districts where the DGM had come from outside the NHS. The staff in these districts tended to explain this in terms of the new DGM feeling less bound by cultural assumptions specific to the NHS. For a honeymoon period, at least, they were able to innovate more freely. Furthermore, their previous careers outside may have afforded them some initial status in the eyes of the consultants, status which the doctors would not necessarily accord to 'just another administrator'. It should be emphasized, however, that this breathing space could be misused. Whilst the two examples in our study had used their 'innocence' creatively there were contemporary cases elsewhere which resulted in 'outsider' GMs leaving the service very quickly after colliding with local doctors or politicians.

A CHANGING CULTURE?

The concept of an organizational 'culture' is a subtle one. It has frequently been bruised by use in mechanistic or over-simple ways. In particular there has been a recent tendency to regard 'culture' as something that top management can mould and remould at will. This assumption has been fashionable in business circles and has frequently influenced the language of those advocating GM in the NHS (see, for a fairly temperate example, Barbour 1989). Others, however, have argued that this approach is both conceptually and empirically over-ambitious (e.g. Meek 1988; Pollitt 1990, ch. 6; Turner 1990, introduction).

Our fieldwork yielded little suggestion that GMs were indulging in 'cultural management' as a conscious process. Nor had GMs succeeded in convincing most consultants that they should defer to a new management-led culture. No new set of 'key values' were in evidence – rather there was plenty of evidence of the old NHS 'tribalism' with each professional group displaying its own particular attitudes and priorities. Doctors still held to a predominantly 'diplomatic' view of the role of management – that it was the principal duty of managers to oil the wheels and seek out compromises between the various groups and interests comprising the service (Harrison 1988, ch. 3). What is more many if not most of the managers we interviewed did not themselves expect doctors to change. The model of a proactive management, setting goals, implementing plans for their achievement and monitoring progress remained a vision rather than a reality. Reactive management remained the day-to-day norm, though now the reactions were as often to some centrally inspired 'initiative' as to medical or nursing pressures.

In other respects however, there was some movement. Most groups, including doctors, perceived themselves, and others, to be more cost-conscious than in the late 1970s or early 1980s. Yet as some respondents and our 'counterfactual panel' (see above) pointed out, this may have been as much a product of the financial climate as a specific effect of GM.

We also detected a sense of increased urgency, or pace, which did seem to flow from GMs. This was hard to pin down to specific examples, but it was widely believed nonetheless. Furthermore Griffiths-model management did seem to have had quite an impact outside the medical domain. Among the administrators and

nurses there were many who had accepted the message and who acknowledged GM as a legitimate driving force. In the professional groups, however, this acceptance had seldom spread more than one or two rungs down the hierarchy.

DISCUSSION

Strategies for administrative and managerial reform in government and the public services may be classified according to a broad threefold taxonomy (Siedentopf 1982, p. xv). First there are *fiscal* strategies, which seek to reduce expenditure and costs while maintaining public services at roughly pre-existing levels. Within the NHS the cost improvement programme was intended to be such a strategy. Second, there are *structural* approaches, which 'seek to raise the productivity of public services without increasing costs. They concentrate on structural arrangements, decision-making, operating processes and the professionalization of public agencies' (Siedentopf 1982, p. xv). Siedentopf uses the term 'structural' to denote the range of relationships, processes and institutional arrangements that characterise organizations. Cultural features are also embraced by this category. Finally there are *programme* approaches, which seek to adjust the quality and quantity of services delivered. Programme changes may result in the reduction (or increase) of the range or quality of publicly provided services. Privatization is an example.

Utilizing Siedentopf's taxonomy, the Griffiths report adopted a predominantly structural approach. Unlike previous reorganizations a conscious distinction was made between the means and ends of change. For instance, it was clear that the creation of a new body such as the NHS management board was not to be regarded as an end in itself. This approach is in contrast to the 1974 NHS reorganization which placed emphasis on administrative hierarchy and boundaries. Innovation in organizational design was, in Griffiths' view, only justified on the grounds that it would facilitate cultural change in the management of the NHS. The explicit focus on manager-doctor relations is indicative of the Griffiths management inquiry's rejection of attempts to represent the problems facing the NHS in a one-dimensional picture composed of 'boxes and charts'. That wholesale cultural change was being demanded by Griffiths was apparent to at least some of those interviewed. As one DGM from outside our sample explained:

The role of senior management has therefore less to do with taking decisions in the conventional sense than it has with fashioning a direction for the organization; this will include a concern with developing a style of management (e.g. by delegation downward, systematic rational decision-making), in changing the characteristics of the organization (e.g. by developing a responsiveness to individual patient need) and ensuring that there are effective mechanisms for policy and priority formulation, for implementation, and for monitoring and control of performance (Liddell 1987, p. 156).

In the authorities we studied this vision of senior management was *not* being realized, or at best only in a piecemeal and incremental fashion. This apparent gap between aspirations and achievements forms the focus of our concluding discussion.

The gap between the Griffiths model of professional management and the untidier reality of the district health authorities in our sample could be explained in several different ways. One possibility is that the NHS wasn't trying hard enough – that the model was right but that there was more to do before it could be implemented. Another is that the model itself was flawed. For example, it could contain internal contradictions. Or it may inadequately have modelled the organizational dynamics of the NHS: perhaps the 'diplomatic' model reflected in many of our interviews captures something very basic in the way the NHS needs to be organized, something which was not given sufficient recognition in the original Griffiths analysis.

Some of those involved clearly took the view that the Griffiths model was right, but that it needed more time, effort and resources. For example, 'Griffiths is a very long process. The programmes I'm working with won't come to fruition until 1993' (UGM quoted in Strong and Robinson 1988, p.82). We certainly met quite a few managers who thought that, given another three to five years, information and budgeting systems would be in place which would allow them to behave in a way that approximated much more closely to the model of the systematically rational professional manager. Furthermore the history of implementation studies warns us that many innovatory programmes falter at first, but, if they survive at all, are then modified and become much more effective as the organizations concerned move up the learning curve (Sabatier 1986, p. 318). Those who take this view will no doubt take comfort from the considerable further strengthening of management so clearly intended by *Working for patients* (Cm 555, 1989).

Our own view is less optimistic. Although we accept that further Griffiths-derived improvements are in the pipeline, and that it is still too early to essay any final judgements on the report's impact, we also wish to suggest that the Griffiths model itself is inadequate. [We would point out that Griffiths himself, in evidence to a parliamentary select committee, delivered the opinion that significant improvements should be visible within three years – that is by the beginning of our fieldwork period]. Our main critique is based on an identification of certain tensions internal to the Griffiths model plus an assessment of particular structural features of the NHS which we believe will continue to limit the likely impact of Griffiths-type structural reforms.

To begin with there is a sense in which managerialism on the Griffiths model is founded on distrust, while the consensus mode of working is only possible on a basis of trust (Hunter 1984, p. 94). The Griffiths model demands proof of performance – performance indicators, IPR targets, performance reviews of RHAs and DHAs and so on. Explicit objective setting and the generation of quantitative and/or dated targets is fundamental to this approach. Individuals and authorities are called to answer if they do not produce according to plan. This philosophy is given particularly sharp expression in the arrangements for general managers themselves to be employed on limited-term contracts. A degree of competitiveness is to be welcomed. By contrast, consensus management and beyond that the whole diplomatic collaborative culture of the pre-Griffiths NHS is founded on trust. Relatively autonomous groups come together out of functional necessity, negotiate solutions which represent acceptable compromises between their several interests,

and promise to deliver their part of the deal. To transform such a system into one in which identifiable individuals have to take personal responsibility for quantified targets is to shine a strong, harsh light onto processes of intricate political bargaining which may require degrees of flexibility, creative ambiguity and even downright secrecy in order to function most efficiently. This *may* be no bad thing, but it does cast doubt on the claim Griffiths made to be able to preserve the good features (unidentified) of the consensus management system alongside the new model.

A second, and more serious problem with the Griffiths model was its failure to offer a convincing analysis of the relationship between the business of running the NHS and the workings of the political system in which the service is set. The NHS is a major, and highly popular public institution. It generates a never-ending stream of issues of local or national political interest. Underpaid 'angels' (nurses or ambulance staff); new wonder treatments; lengthening waiting lists; doctors with controversial diagnostic approaches to children who are suspected of having been sexually abused; other children who are kept waiting for treatment for life-threatening conditions because of staff shortages; scandalous conditions in long-stay geriatric or mental hospitals – the list is endless. Ministers have seldom been able to resist the pressures to intervene when one of these issues blows up, and there is no obvious reason to expect that they will exert greater self-restraint in the future. Neither at national nor at local level can a clear and stable line be drawn between 'political' decisions and 'management' decisions (Harrison 1982, p. 388). From 1985 to 1989 the part of the NHS closest to this volatile political process was that same part which Griffiths had designed to be the fount of consistency and steadiness in the longer term – the management board. Yet this board conspicuously lacked constitutional protections or guarantees of independence – indeed, to have given it such would have required the kind of legislation which the promoters of Griffiths had fore sworn in the name of rapid action. So there was an unresolved tension here, and one which the circumstances of resignation of the first board chairman indicated to be far from purely 'academic'. The re-titling, from 1989, of the management board as a 'management executive' and its physical relocation to Leeds in 1992 appear unlikely in themselves to effect a solution to this problem. The Department of Health and the NHS management executive are seen as a single headquarters operating on two sites.

The third difficulty with the Griffiths model may be the most intractable. The proposed cultural revolution was posited on the existence of some tolerably clear objectives. Without them, the planning priorities and targets to which managers gear themselves, their career prospects and their merit pay bonuses all become merely arbitrary. If the political system cannot generate a set of ordered and reasonably compact objectives then either the NHS must continue to do without them or they must be invented internally, presumably by managers themselves. The problems with the latter solution are obvious: priorities generated in this way would lack democratic legitimacy and would not necessarily command the confidence of the main funding body – central government. Alternatively, it might be argued that the priorities against which NHS performance should be judged should

be generated in a devolved manner, by district, regional or board health authorities. This seems to be the spirit of the quasi-market proposed in *Working for Patients*. Yet it would have additional drawbacks. First, it could lead to even greater inconsistencies than exist at present in scope or quality of service between one part of the country and another, inconsistencies which an increasingly mobile and well-informed citizenry would presumably find hard to understand or tolerate. Second, so long as health authorities remain appointed bodies, the weakness in democratic legitimacy will persist. The Griffiths model does not address these. Instead it stands as an example of the kind of instrumental rationality in which profoundly political questions of priority and value are transposed into apparently scientific or technical issues (Habermas 1971; Alvesson 1987, ch. 7).

In the Griffiths report managers are implicitly instructed to identify and apply standard techniques for dealing with NHS problems. Yet managers themselves were acutely aware that the very act of defining problems in the NHS is a highly contested business. In 'classic' or 'scientific' management theory the manager applies the correct technique to encourage employees to work harder. This raises productivity and success is reflected in higher output and surpluses. Workers are rewarded with higher wages and managers with a sense of professional accomplishment. While the internal market outlined in *Working for Patients* is expected by government to provide the NHS with workable concepts of productivity and surplus, it cannot be claimed that clear concrete objectives analogous to productivity, output and profit have been given to general managers to date. Instead the targets facing managers are notoriously difficult to define and agree. NHS managers work in an arena where a profuse and unstable range of values and priorities must be considered. Success is a concept that has multiple meanings for different groups of actors. The Griffiths model seems to view the manager as a technician whose practice consists in applying the principles derived from management science to the problems of his or her own organization. In contrast the *art* of management cannot be reduced to such explicit rules. In a setting, such as the NHS, where there are contradictory objectives and multiple perceptions of problems, managers had in the past become more sensitive to the phenomena of uncertainty and ambiguity. In its adherence to a different theory of management, the Griffiths report was flawed.

There are consequences of such failure of analysis. Without clear objectives, *effectiveness* cannot be measured and therefore cannot function as one of the main criteria for organizational performance. Thus, the kind of performance assessment envisaged within managerialism begins to slide towards a lop-sided emphasis on narrower notions of *efficiency* and *economy*. Several of the DGMs we interviewed were well aware of this problem. This slide is accelerated by the easier availability of input and process (rather than outcome) data. It has also been accentuated by the Conservative government's strong ideological predilection for reducing public expenditure (Pollitt 1986).

Without objectives it is also very hard to discuss the kind of *programme* (as opposed to structural) reforms which might ease some of the pressures on the NHS. Business managers may ask 'what business should we be in?', but without guiding

objectives it is hard for health authorities and NHS managers to do the same. The aims and purposes of the NHS remain grand, but vague. Explicit discussions of possible programme changes are both fractious and rare – even putting ancillary services out to competitive tender has proven a long drawn-out wrangle, costly in senior management time. *Working for Patients* promises a clear central specification of objectives, but offers no reasons why this should prove any less difficult than in the past. Certainly at the time of writing there is no sign of such guidance.

Finally, our research has pointed towards the pervasive importance of two structural features of the NHS. The first of these is medical autonomy. The power of the medical profession has formed a central theme in the massive literature on health services organization. Even among professions, doctors are unusual in the scope of their autonomy. In the NHS hospital consultants can, broadly speaking, admit whichever patients they choose, treat them in whatever way they wish, discharge them when they see fit, and leave it to others to sort out the resource and staffing consequences of these 'clinical' decisions. They cannot be instructed to alter any of these decisions by a manager, and the Griffiths reforms did nothing to alter this. It is even harder for consultants to commit their own colleagues to particular courses of action – the autonomy of the individual consultant has been the stumbling block to deals concluded both at national and local levels (Harrison 1988; Harrison *et al.* 1989).

Both managers and consultants repeatedly testified to their awareness of this autonomy. 'It's like having production managers who aren't responsible to the general manager' said one district director of finance. A DGM in another, unhappy district complained that certain consultants were 'even worse than before' and that there was clinician resistance to general management 'across the board'. Most districts did not seem quite so tense, but in one there had been an explosion of consultant anger when cuts had to be made, and in yet another senior managers told us that in their view the participation of consultants in general management would dissolve if any attempt was made to close more beds. In two districts the chairmen of medical staff committees told us in almost identical terms that they and their consultant colleagues were certainly not accountable to the local health authority or its managers. More generally, the limited progress reported above in respect of new budgeting systems and consumerist schemes both had a great deal to do with consultant hostility or indifference.

Many consultants thus continue to maintain a semi-detached relationship with NHS management. In his studies of the implementation process Sabatier (1986) has demonstrated the importance of basing reforms on sound causal assumptions. In particular he has emphasized the jurisdiction component within such assumptions – to what extent are implementing agencies given jurisdiction over the organizational linkages vital for the achievement of the proposed reforms? In these terms the Griffiths model again appears deficient. General managers were not given sufficient fresh authority to do more than make very cautious, incremental progress towards harnessing consultants to management objectives. With respect to this group (though not to others) the frontier of control shifted only slightly in favour of management (Harrison 1988). It is an open question whether the implementation

of *Working for Patients* will alter this state of affairs. Already the media are full of stories of local conflict (e.g. the resignation, following clashes with consultants, of a GM at Lewisham and North Southwark, and the battle over trust status for St. James, Leeds – O'Sullivan 1990). It would be interesting to 'keep score' for these tests of political strength.

The second structural feature which has limited the implementation of Griffiths is the fiscal situation of the NHS. The marginally constrained ability of doctors to commit resources becomes even more problematic in a situation where central government is determined to restrain overall expenditure, yet both the demand for and the supply of health care are increasing. On the demand side there has been a growth in the size of the elderly population plus a more general rise in public expectations. On the supply side many NHS districts have experienced increasing surgical productivity – consultants treating more patients per unit of time – and while this usually lowers unit costs it increases total costs. This is not the place to go into the details of NHS financing (see King's Fund Institute 1988) but it is essential to appreciate the interactions between the recent financial traumas and Griffiths-style management. *Working for Patients* introduces sweeping changes to the methods of NHS finance, but the government's public expenditure projections still point to a very tight global allocation in the period up to 1992 (Jones 1989).

Two very widespread features of these interactions emerged from our fieldwork. First, most general managers acknowledged that, since 1986, an enormous slice of their time had been taken up with short-term financial manoeuvring. This had knock-on effects on how much time they were able to spend on other tasks such as encouraging greater consumer responsiveness, monitoring clinical quality or making strategic plans. Second, the constant search for economies meant that, in the minds of many NHS staff, general managers became closely associated with 'government cuts'. This in turn seems to have had an unfortunate effect on general managers' credibility as standard bearers for a positive new management culture. Many consultants told us that in their view money dominated general management. One medical staff committee chair – by no means anti-Griffiths – was convinced that general managers would implement cost restraints or get sacked. Another medical committee chair said his general manager was busy looking after his own security and commented 'performance indicators – they mean savings.' Several UGMs acknowledged that staying within financial targets was the crucial thing. One explained that there were few quantifiable criteria for measuring his performance, but one of them was efficiency savings – this was how he expected GMs would be judged. In yet another district the DGM told us that his personal agenda and that of other senior officers was at present totally dominated by finance.

Finally, financial stringency had undermined what might otherwise have been one instrument general managers could have used to persuade consultants to pay more attention to management concerns. DGMs could seldom offer 'sweeteners' (e.g. new staff or equipment) to motivate not-very-interested clinicians. In one district where the DGM had been very successful in persuading a number of consultants to take up management posts several senior officers expressed the view that, if cuts had to be implemented (this was a district where the new general

hospital was still expanding) consultant support would quickly collapse. In sum, financial stringency has cast a shadow over the Griffiths' vision of a general manager-led cultural revolution.

Our conclusion is, therefore, that implementation of the Griffiths model has been handicapped by tensions and limitations which were inherent in the original report, by flawed understanding of the management problem in the NHS, and by wider developments (the failure of government to set clear priorities plus the deteriorating financial situation) which were beyond its remit. Despite this, its impact has been considerable, especially among managers and administrators themselves, and also with nurses. We would hesitate, however, to describe this as a major cultural shift – the diversity of NHS subcultures ('tribalism') remains, and the Griffiths model has not yet become dominant. In the words of a unit general manager: 'It has been a partially funded palace revolution, not a thorough-going, fully-funded management revolution'.

The changes envisaged in *Working for Patients* may be more thorough-going in intent, but the record of general management indicates that a large gap is likely to exist between principle and practice. Certain aspects of *Working for Patients* perceived as immediately achievable may be targeted for additional resources in order that some degree of policy success can be claimed. In contrast, the generally bleak resource position facing the NHS is likely to be a factor in blocking the type of major structural change originally proposed in the Griffiths report and further developed in the NHS white paper. There is a major task for researchers in clarifying the reality of change in the management of the NHS in the 1990s.

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LEARNING TO MEASURE PERFORMANCE: THE USE OF INDICATORS IN ORGANIZATIONS

NEIL CARTER

Performance indicators (PIs) are central to the Thatcher Administration's strategy for reforming the management of government. This paper reports on research into the development and use of PIs in government departments, public agencies and private businesses in the 1980s. This comparative approach shows that the problems of performance assessment and the methods adopted for the design of PI systems, cut across the public/private divide but are related to the specific characteristics of organizations and their environment. The paper further analyses various dimensions of PI systems – notably, the measurement of quality and consumer satisfaction – and examines their implementation and evolution. The life-cycle of PIs suggests a possible prescriptive theory: the 'mature' PI model seems to be characterized by being designer-built, parsimonious and timely. The drive towards the development of PI systems, it is concluded, is likely to intensify in the 1990s, in response to the Next Steps initiative and as instruments for the regulation of privatized monopolies.

Performance indicators were very much the fashion of the 1980s: they were embraced at the highest levels of government and promulgated throughout the public sector. The Prime Minister offered active, sustained support for managerial reform throughout government, central to which was the wider use of PIs. Although the government was breathing new life into old ideas – ideas previously popular in the 1960s (Carter, Klein and Day 1991) – the enthusiasm was unprecedented, and infectious. The shift of interest from the traditional focus on inputs to outputs was partly because the government needed to find out what departments were actually doing and partly because of the overriding concern of the Thatcher Administration to control public expenditure. Hence the obvious attraction of a system that emphasized outputs rather than defining all improvements in terms of inputs. The government was also anxious to improve managerial competence. The ascendancy of the 'three Es', economy, efficiency and effectiveness, was intended to increase central control over service delivery as

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much as it was to cut costs, although the two were inextricably linked (Carter 1989). Pressure came from other sources too; in particular, parliamentary committees had repeatedly demanded a currency of evaluation that would increase ministerial accountability (Public Accounts Committee 1981; Treasury and Civil Service Committee 1982). Significantly, this new political interest in PIs came at a time when information technology could play a critical facilitating role in the development of the information systems necessary to support PIs.

This build up of interest resulted in the Financial Management Initiative (FMI) which emphasized that managers at all levels in government should have a 'clear view of their objectives; and assess, and wherever possible measure, outputs or performance in relation to these objectives'; a principle that made it essential to develop 'performance indicators and output measures which can be used to assess success in achieving objectives' (Prime Minister and the Chancellor of the Exchequer 1983). The most obvious manifestation of this clarion call was an epidemic of PIs in the Public Expenditure White Paper: multiplying from 500 in 1985 to over 2000 by 1988 (Carter 1988). Whether this impressive productivity record had any more substance than a Soviet Five Year Plan is a more open question; it may simply be evidence of the skill of civil servants in relabelling existing statistics as PIs in order to conform to the latest Whitehall fashion. If so, then the ebbing of enthusiasm for the FMI at the end of the decade may have rung the death knell for PIs; conceivably, they could just join the litany of failed and forgotten managerial reforms that includes PPB (Planning, Programming, Budgeting) and PAR (Programme Analysis and Review).

However, it is our thesis that the quest to develop PIs will be pursued in the 1990s with ever more vigour. Two developments in the latter part of the 1980s explain this assertion. First, PIs seem likely to play an increasing role in the regulation of monopolies, whether public or private. During the 1980s, most nationalized industries developed an array of PIs in response to pressure from the government (Treasury 1978) and numerous critical reports from parliamentary committees and the Monopolies and Mergers Commission. Thus far the government has been mostly interested in financial indicators (Carter 1990), but it seems likely that the changing climate of growing concern about consumer satisfaction and quality of service, particularly if it finds sufficient voice through Parliament and consumer pressure groups, will encourage the greater use of such PIs. This will be true not just in the remaining nationalized industries, but also in privatized monopolies such as the water and gas industries, where the various regulatory authorities will need to use PIs to measure, for example, river pollution or the time that a customer has to wait for gas fitters to call.

This regulatory role overlaps with the second factor, the implementation of the 'Next Steps' initiative to break up threequarters of the civil service into separate executive agencies (Jenkins, Caines and Jackson 1988). Despite being burdened with the claim that it represents 'the most ambitious attempt at Civil Service reform in the twentieth century' (Treasury and Civil Services Committee 1990, para. 1), early results are impressive: by the summer of 1991 there should be 50 agencies with around 200,000 civil servants working in them, about half the civil service

(para. 9). The unanimous support of the Treasury and Civil Service Committee also suggests that 'Next Steps' – in Hennessy's phrase, 'a piece of transferable technology operable by governments of any political persuasion' (para. 82) – may well survive political change. Sustaining the entire agency exercise is the use of performance measures as instruments of hands-off managerial control and democratic accountability: central departments, particularly the Treasury, need PIs to exercise control without breathing down the necks of the new chief executives; Parliament and the public need PIs to ensure that agencies are delivering the desired services efficiently and effectively. Specifically, each agency is required to publish performance targets in its Framework Agreement which will be the subject of a quarterly review by its sponsoring department and the scrutiny of parliamentary committees and individual politicians. To this end, the Treasury is co-ordinating 'extensive work on assisting parent departments and agencies to develop a suitable "portfolio" of output and performance measures' (para. 21). In short, the pressure to develop PIs is unabated.

Hence the relevance of this paper reporting on research into the development of PIs during the 1980s across a variety of government departments and public agencies, as well as a number of private businesses (reported fully in Carter *et al.* 1991). The research explores the conceptual and technical problems involved in designing new tools of government; one of the reasons why the experience of the 1980s is still highly relevant for the 1990s is that the design task is far from complete. Moreover, to study the evolution and implementation of PIs in British government is to gain an insight into organizational politics and values, and the power of different organizational actors such as judges, prison officers and the police.

In this paper, we address some of the lessons from this experience. First, the different dimensions of performance and the currencies of evaluation embodied in PI systems are examined, with particular reference to the emerging issues of consumer attitudes and quality assessment. Second, the possibility of moving towards some form of prescriptive theory of PIs is explored; in other words, are there characteristics common to all 'good' PI systems? Finally, the patterns of implementation of PI systems are analysed and a number of important organizational and environmental constraints are identified. However, before reporting on our findings, it is necessary to outline the rationale of the research and the selection of organizational case studies.

ORGANIZATIONAL LEARNING

The literature on comparative organizational analysis is a notorious conceptual minefield; note, for example, the critical debate surrounding the Aston programme of studies (Pugh and Hickson 1976; Clegg and Dunkerley 1980 *inter alia*), or the complexity of the bureaumatic approach to public sector comparative analysis (Hood and Dunsire 1981; Dunleavy 1989). So, we attempted no more than to identify selectively some of the key dimensions along which organizations differ and which might be relevant to the shaping of performance indicators. Seven dimensions were isolated that might account for variations in performance assessment between organizations. First, *ownership*, simply whether an organization is

in the public or private sector. Second, *trading status*, whether it is a trading or non-trading organization. Third, the degree of *competition* between organizations providing similar products or services. Fourth, the extent to which an organization is politically *accountable*. Fifth, the *heterogeneity* of an organization refers to the number of different products or services it provides. Sixth, the degree of *complexity* is the extent to which an organization has to mobilize a number of different skills in order to deliver its services or produce its goods. Lastly, organizations vary in the *uncertainty* about the objectives and between the means and ends of achieving those objectives (see Carter *et al.* 1991 for a full discussion). These dimensions were intended to form a set of benchmarks for analysing variation in the problems of performance measurement. We were not developing yet another typology for explaining differences in performance or structure between organizations.

In adopting a comparative strategy of inquiry, we wanted to test the conventional wisdom that there is some particular quality about the public sector – some Platonic essence of ‘publicness’ – which makes transplanting techniques from the private sector inappropriate or difficult. Indeed, when interviewing civil servants engaged in implementing the FMI, we found a near-unanimity that the assessment of performance in the private sector was different (and unquestionably easier). Two explanations were commonly used to explain this difference in public/private performance measurement. The first assumes that because private firms possess the famous bottom-line – profit – then performance measurement is a straightforward, incontestable technical procedure; the second focuses on the particular social and political pressures operating on public sector organizations. These factors clearly have some significance, but we question whether they are all-important.

The example of profit illustrates this point. Even at the level of the firm in the market sector, the common belief that profit is a satisfactory PI presents a misleading picture. The accounts raise questions but do not answer them (Vickers 1965). To imagine that profit figures are a mechanical product is to ignore the fact that accountancy is one of the creative arts; often more art than science (Hopwood 1984). This is well illustrated during takeover battles when accountants are apt to manipulate the figures in order to send up the price of shares. To assess the meaning of profits (or of alternative key indicators such as market share or return on capital) involves forming a judgment on the performance not just of the firm in question but of its competitors, as well as strategic judgements about the long-term effects of current pricing and investment decisions. In short, the ‘bottom line’ turns out, on closer inspection, to be a plasticine concept, both malleable and movable across time. Furthermore, within the firm, it is essential to have immediate output and outcome measures that assess likely performance against the long-term objective of profit maximization. This is particularly important in industries like banks or building societies where it is difficult to construct a simple profit-and-loss account for individual branches. Thus it is necessary to appreciate the limitations of profit as a measure of performance of either the units within organizations or of the organizations themselves.

TABLE 1 Organizational dimensions

Organizations	Ownership	Trading/ Non-trading	Competition	Accountability	Heterogeneity	Complexity	Uncertainty
Police	public	NT	low	yes	medium	low	high
Courts	public	NT	low	yes	low	med/high	low
Prisons	public	NT	low	yes	med/low	low	low
Social Security	public	NT	low	yes	low	low	low
NHS	public	NT	low	yes	high	high	high
Supermarket	private	T	high	no	med	med/low	low
High Street Retailer	private	T	high	no	med	med/low	low
Bank	private	T	med→high	no	low	low	low
Building Society (two)	private	T	med→high	no	low	low	low
Jupiter (TVHire)	private	T	high	no	low	low	low
British Rail	public	T	medium	yes	low	low	medium
Water (2)	public	T	low	yes	med/low	medium	low
BAA	private	T	low	no	low	low	low

Notes: The arrows indicate where an organization is in the process of change

(1) This refers to formal, public accountability, not actual accountability

(2) This refers to the pre-privatization water industry

So we started from the assumption that the problems of introducing and developing PIs might also reflect specific organizational characteristics cutting across the public-private divide. Accordingly our 14 case studies were chosen in order to study the evolution of PI systems in contrasting organizations which, however, all had a large number of branches or units (except BAA) and consequential problems of internal control over the performance of those branches (see table 1). So, we explored, for example, whether social security might have more in common with a bank than with the national health service or a supermarket. For if there is to be cross-sector learning, if there are to be successful transplants of ideas and techniques, it is essential that the donor should be matched accurately to the recipient.

Therefore, in each case, we sought to explore the natural history of PI systems over time: i.e. to present an evolutionary picture. Given the number of organizations in our comparative study it was impossible to undertake an in-depth study of each one. However, in every organization managers were interviewed at each level: central headquarters, regional/district offices and the individual unit. Where possible the operational researchers responsible for designing the system were also interviewed. Findings were supplemented by documentary evidence including evaluation reports and performance reviews.

THE DIMENSIONS OF PERFORMANCE

Performance is currently one of those buzzwords that seem to permeate all discussions about public sector management. It is widely used by politicians and managers alike perhaps because, in Pollitt's words, performance 'exudes an aroma of action, dynamism and purposeful effort. It suggests a sorting out of the good from the bad' (1986, p. 160). Part of its attraction is that performance is a very broad, and vague, concept: it has various meanings for different audiences in

different contexts. For example, the Treasury tends to focus on financial performance whereas Parliament may be more interested in the effectiveness of policy, while consumers are anxious about the quality of service delivery. This adds to the difficulties of designing PIs because the same set of PIs may need to be used to answer questions about all the different dimensions of performance.

In the 1980s, the debate about PIs was dominated by the 'three Es': economy, efficiency and effectiveness, a model couched in the language of private sector financial management. The three Es were promulgated in the FMI, and in numerous official reports emanating from the Treasury, the Efficiency Unit, the Audit Commission, parliamentary committees, and, at the coalface, by the plethora of management consultants who invaded the corridors of Whitehall and the municipalities. The precise definition of economy, efficiency and effectiveness became an industry in itself (Beeton 1988; Flynn *et al.* 1988; Levitt and Joyce 1987; Pollitt 1986 *inter alia*). The hegemony of the 'three Es' model was generally criticized in the academic literature. For many commentators it was bad enough that performance was defined purely in terms of the three Es but, worse still, it seemed that in this era of retrenchment the government was only really interested in economy and efficiency, or, as many saw it, in cutting costs, shedding labour and increasing productivity (Pollitt 1986). The new PI schemes springing up in nearly every government department (Treasury 1986) were therefore widely condemned for ignoring not just effectiveness, but several additional dimensions of performance, such as efficacy and equity (Flynn *et al.* 1988), quality (Pollitt 1987) and consumer voice (Pollitt 1988). But the continuing lack of consensus on the fundamentals – both the definitions and the dimensions of performance – suggests that this literature, like the targets of its criticisms, was stronger on outputs than outcomes.

Much of the criticism underestimates the conceptual and technical complexity of measuring effectiveness – the extent to which policy impacts meet policy aims, or outputs achieve outcomes. In short, the existence of effectiveness indicators presumes the ability to measure outcomes. But the problems of measuring the impact of, say, police patrols on crime rates or of health care on longevity, are virtually insurmountable because of the various mediating organizational and environmental factors. Not surprisingly, whilst our research confirmed that there was an overall paucity of effectiveness measures in the annual Public Expenditure White Paper (Carter 1988), it was also apparent that this was explained more by technical incapacity rather than by political bias. This is illustrated by the way in which an organization like the NHS, which has now progressed to its third package of PIs, has gradually managed to develop a broader range of measures at each stage. To be sure, the hostile criticisms it received from within the health service (North East Thames Health Authority 1984) as well as from academics, may have encouraged these changes, but it would appear that the will to do so was there, even if the capacity was (and is) often lacking.

Moreover, in many caseload departments throughput measures are widely used as a reasonable proxy for effectiveness. These include the Lord Chancellor's Department which seeks primarily to ensure the quick, efficient passage of cases through the judicial system, and money-shuffling departments like social security

which aims to pay benefits speedily and accurately: where, in effect, process is the outcome. Thus PIs here are the length of time a defendant has to await trial or the number of days between claiming and receiving benefit. Indeed, in these departments, far from there being a preponderance of efficiency PIs, it has actually proven very difficult to produce efficiency measures based on unit costs. The one sector where there does seem to have been significant political pressure to concentrate on financial measures, even though there were perfectly acceptable and long established quality of service indicators, was in the nationalized industries. It is clear that British Rail, labouring under tight external financing limits and forced to pursue stringent financial and productivity performance targets (British Rail 1990), operates a hierarchy of PIs in which quality of service comes a poor third.

If the analysis of PIs in the 1980s was very much in terms of the three Es, it is likely that there will be a greater demand for indicators of consumer satisfaction and quality in the 1990s. Despite criticisms about the lack of consumer-oriented PIs in the public sector, the experience of private sector firms and public utilities demonstrates the feasibility of developing such indicators. In particular, their PI systems often include indicators that seek to measure consumer satisfaction as an *output*, quite distinct from the sales figures: so, for example, complaints appear to be seen and used as a positive tool of management in a way which does not normally happen in the public sector. Similarly, consumer surveys are frequently used as tools of performance appraisal: both supermarket and high street retailer routinely use them to monitor consumer reactions to the way in which their branches are being run. The finding would seem fairly predictable. Private sector firms, particularly in competitive markets, have good reasons to seek feed-back about their consumers: here again the famous 'bottom line' is a very inadequate indicator – if a very good incentive – since waiting for profits to dip as a signal of consumer discontent may be courting the risk of bankruptcy. In contrast, monopoly public utilities – like water and BAA – do not. But here the explanation for the design of their PI systems is that consumer sensitivity (or at least the appearance of it) is the political price paid for their monopoly position. In effect, they are being required to demonstrate that they are not exploiting their captive consumers: in this respect, the way they assess their own performance has to be seen in the context of the wider regulatory systems within which they operate.

However, most public sector services face two specific problems in assessing consumer views. The first is conceptual: multiple objectives reflect the existence of multiple and disparate consumers. The second is practical: how best to devise indicators of consumer reactions. The first point is simply illustrated. Who are the consumers of police services? Is it those who have to call on their help, or have others dealing with them, or those who look to them to maintain an environment in which their help is not required? Who, similarly, are the consumers of prisons? Is it those who are in gaol or those who see prisons as the bastions protecting society against crime? Who are the consumers of the NHS? Is it those who actually use hospital and general practitioner services or those who see them as insurance against the day they have a heart attack? And sometimes, of course,

the service providers see themselves as the main consumers. Clearly, these different audiences may have requirements from PIs that are mutually exclusive.

The last example from the NHS identifies the further problem that there is a fundamental ambiguity in the concept of consumerism when applied to public services. In the private market place, consumerism means the ability to signal demands for specific types of goods. If the consumers want more cars, and if they have the money to pay for them, they will get them. This concept creates problems in the case of public services operating with fixed budgets like the NHS, where consumer groups are effectively in competition with each other for scarce resources: improving services for the acutely ill may be at the expense of services for the chronically ill. It is therefore possible to argue (Klein 1984) that a certain degree of insensitivity to consumer demands is positively desirable in order to protect the interests of those consumers with the least resources for either exit or voice – that is, the most vulnerable.

Just as there has been criticism of the lack of consumer-oriented PIs, so there have been frequent complaints in the literature about the paucity of quality PIs. In particular, there is a yearning for quality PIs seen in terms of outcomes: i.e. the nature of the final product. And there were indeed some quality PIs in the systems that we studied which conformed to this model: for example, in the water industry it is possible to test various aspects of quality in this sense, such as purity and taste. The difficulties begin in organizations where the process of service delivery is the product. In these cases, 'quality' is not something identifiable in its own right, rather it is the by-product of activities that are being carried out. Quality, in this sense, can best be seen as the result of competence in the routine activities of the organization: something, in short which permeates all activity and is integral to everything that happens as distinct from being an add-on-extra. This was particularly clear in the case of private sector firms which used PIs to measure whether the process of providing goods or services is running smoothly and is tuned to consumer requirements. How often do the automatic pay-out points break down? How swiftly does the TV repairer call? Such indicators, as we have seen, may be either positive or negative. It may still be possible to have negative outcome indicators which signal that competence has not been achieved: if there is an excess of mortality or morbidity following NHS operations in a given hospital this may well be a signal that the quality of medical care is deficient. But, more often, the real indicators of quality will be that the ordinary, routine things are being done properly and on time: so, for example, the PI measuring the proportion of emergency ambulance calls which meet response time standards can be seen as a quality indicator in this larger sense. Similarly, social security has managed to use consumer surveys to help generate quality indicators and targets, such as the length of time that claimants have to wait in offices, the standard of the interview, and the quality of correspondence.

To summarize our findings, the task of designing and using PI systems would be made much easier if both quality and consumer satisfaction are regarded primarily as aspects of process – the way in which a service is delivered – rather than *what* is being delivered; that is if we see quality as a by-product of other activities

rather than as a separate entity. To a large extent the quest for separate distinctive quality measures is illusory. Quality is actually part of the concept of efficiency, rather than its antithesis.

IDEAL INDICATORS?

In this section we consider whether it is possible to move towards a prescriptive theory of PIs (setting aside for now all reservations about the desirability of PIs *per se*). In other words, what makes a good PI? What are the characteristics and requisites of an acceptable PI system? It would be foolish, as others have acknowledged (Cave *et al.* 1988; Jackson 1988), to suggest that there are any definitive answers to such questions; indeed, our approach is premised on the assumption that the form a PI system takes will be contingent on the needs of different organizations. However, our findings do suggest that there tends to be an evolutionary pattern of convergence between PI systems. So, in addressing these questions, we use a mixture of *a priori* reasoning combined with what, broadly speaking, appear to be the 'best practices' adopted in the case studies.

Self-evidently, PIs should be relevant to the needs and objectives of the organization; in other words they should measure aspects of performance that are central to the efficient and effective delivery of quality services. They should not be susceptible to manipulation by the person or unit to be assessed, such as the citation level which, although gaining popularity as an indicator of academic research quality, is open to misuse by academics forming 'citation circles' to boost one another's rating (Cave *et al.* 1988). PIs should be reliable, being based on data produced by accurate information systems. And PIs need to be, as far as possible, unambiguous: i.e. not open to challenge by staff. They have to be a means of 'stopping up excuses', in the words of one manager.

But, as practical organizational tools, it is essential that PIs should be both comprehensible and usable. The satisfaction of this apparently modest *a priori* requirement seems to depend on three features of a PI system: volume, timeliness and data design. For a system to be comprehensible, it needs to be parsimonious. There is little point in the NHS (with some 2,000 PIs) or the police (over 400) possessing enormous numbers of PIs if the primary intended users – regional, district and unit managers – are confused by the sheer volume of statistics. Contrast this with social security or bank, the Lord Chancellor's department or supermarket, where a small core of no more than twenty (and usually less) PIs, provide an easily accessible, comprehensible picture of performance. Big systems are unwieldy, so parsimony also helps make PIs usable: managers find it easier to monitor progress against a handful of measures. However, to be usable, PIs must also be timely; in other words, they must record information quickly enough for it still to be meaningful as a guide to action. Hence NHS PIs which report information several months old are of little use for spotting and remedying immediate problems unlike supermarket, where the managing directors have information about shelf-fill in individual stores by mid-morning each day, or even the prison service where the Governor's Monitoring System provides detailed information about activity on a weekly basis. Lastly, PIs are both more comprehensible and usable if the system

is custom-built. Thus the initial NHS package of PIs, hastily constructed in the wake of a Public Accounts Committee (1981) report that condemned the NHS for its poor management control systems, was primarily an exercise in relabelling existing statistics; a feature common to many departments after the subsequent introduction of the FMI. If, however, a PI system is *designed* with specific objectives and a clear vision of how it will be used, then its purpose is more likely to be comprehensible and its product usable.

These three characteristics also help to discriminate among organizational attitudes towards the design of PI systems. So we would expect an organization designing its PI system as part of a deliberate management strategy – as distinct from following the prevailing Whitehall fashion – to design its own data set, to want to have information quickly, and to concentrate on a handful of indicators linked to organizational objectives. Conversely, we would expect a conscript organization to have a system driven by existing data, to be leisurely in its time requirements, and to hope that the sheer quantity of information would fudge the need for precise managerial decisions.

However, organizational attitudes and, indeed, the development of comprehensible and usable PIs, will be influenced by the ability to overcome various conceptual design problems; in particular that of *performance ownership*. In short, who can be held responsible for which dimension or element of performance? The responsibility for performance within the organization may depend on central decisions over which the branch or unit manager has little control. Or, drawing on one of the organizational characteristics, the degree of complexity – the interdependence of different units, services or activities – will constrain the capacity of individual managers to act autonomously; for example, the throughput of a case through the court system will depend on the actions of judges, solicitors, barristers, court listings officers and, crucially, the nature of the defendant's plea. Environmental factors may also shape the impact of organizational actions. The uncertainty of the cause and effect relationship, illustrated by the difficulty of measuring effectiveness, therefore makes the construction of PIs very difficult.

The nature of these design problems will inevitably influence the way that PIs are used. They can be employed either as dials or as tin-openers (Carter 1989). 'Performance' can be read off the dials: that is, there is a set of norms or standards against which achievement can be assessed, as in measuring the quality of water. These norms or standards may be either positive or negative; prescriptive or postscriptive. Tin-openers are simply descriptive. They do not speak for themselves. They may signal that a particular unit, be it a crown court, prison or bank, is a statistical outlier, but no conclusions can be drawn from this fact in itself. It is simply an invitation to investigate, to probe and to ask questions. Thus where performance ownership is relatively straightforward, it is easier to construct dials; where it is ambiguous, then PIs are generally used as tin-openers. It should, however, be noted that PIs can be used as dials, or signals, even where there is no full understanding of cause and effect.

Underlying all of these factors is that of the acceptability of PIs to the staff and management within the organization: it is no good having an ideal system if it

engenders serious, insurmountable resistance. But here we are moving into the issue of implementation.

IMPLEMENTING PERFORMANCE INDICATORS

In this section we outline the main patterns of implementation observed in our case studies and show how various organizational and political factors shaped these developments.

TABLE 2 Characteristics of performance indicators in the case studies

<i>Organizations</i>	<i>Design</i>	<i>Timeliness</i>	<i>Volume</i>
	<i>Off-the-peg/Bespoke</i>	<i>Slow/Quick</i>	<i>Promiscuity/Parsimony</i>
Police	X	X	X
Courts	X →	X	X
Prisons	X	XX	X
Social Security	X	X	X
NHS	X	XX	X
Supermarket	X	XXX	X
High Street Retailer	X	X	X
Bank	X →	X	X
Building Societies (2)	X →	X	X
Jupiter (TVHire)	X	X	X
British Rail	X →	X	X →
Water	X	X	X
BAA	X →	X	X

Notes:

- i) The arrows indicate where an organization is in the process of change
- ii) Timeliness: Quick – xxx – daily to weekly reporting; xx=weekly; x = monthly
Slow – xx = half-yearly; x = quarterly
- iii) Volume: promiscuity = over 100 performance indicators
parsimony = a maximum of 30 performance indicators

The most significant conclusion to be drawn from our study is that differences between organizations do not follow neatly the public/private divide, and that there are differences within each group. The first column of table 2 shows that there is an almost even split between those organizations where the PI systems are based on data that pre-dated their invention (off-the-peg) and those where they developed their own data base (bespoke). A majority of private sector organizations, but not all, fall into the bespoke category while the public sector divides down the middle. The second shows the speed of production, with only two organizations – both in the public sector – in the historical category, i.e. relying on year-old data. The third shows the quantity of PIs generated, on a scale from parsimony (numbering, at most, thirty PIs) to promiscuity (over a hundred PIs), with these same two organizations – the NHS and the police – in the 'promiscuous' column; British Rail which was in the same category when our study started had already begun to move towards 'parsimony'. So it would seem that the second conclusion that can be drawn from the evidence is that the NHS and the police are somehow different from the other organizations studied.

Both conclusions are confirmed by the way in which organizations use PIs. While our studies showed that nearly all the organizations were at least beginning to move, if only tentatively, towards the prescriptive use of indicators – i.e. setting objectives or targets against which performance can be measured – the NHS and the police remain behind the pack. In this respect, however, they were joined by the prison service which, as table 2 shows, has a bespoke, parsimonious and quick PI system. All three continue to use PIs as tin-openers rather than as dials (the NHS uses targets in the annual review cycle between the Department of Health and the regional health authorities but these have not been incorporated in the PI package). Again, the differences between organizations do not follow the public/private distinction.

If the public/private dichotomy does not help us much in explaining the way in which organizations set about assessing their own performances, what does? The famous bottom line may be the driving force behind the development of PIs in private firms but it does not dictate convergence between them any more than its equivalent in the public sector, prime ministerial enthusiasm, brings about convergence among the departments and agencies examined. For a more elaborate explanation of this complex pattern, other organizational characteristics are more helpful.

Two organizations, the NHS and the police, stand out from the rest. In the NHS, just about all the factors liable to make the definition and measurement of performance difficult are present. It is characterized by heterogeneity, complexity and uncertainty. That is, it is a multi-product organization, which has to mobilize a large cast with a high degree of interdependence between the different actors and where the relationship between activity and impact is often uncertain. It is not always clear who 'owns' the performance; the activities of the NHS are only one of many factors influencing the health of the population. The overall objectives, even when defined, tend to be at a high level of generality. In addition, the principal actors involved – notably but not exclusively the medical profession – enjoy a high degree of autonomy. The structure of authority is complex. The line of accountability from periphery to centre is clear in theory but often blurred in practice: indeed the introduction of PIs can be seen as part of a strategy to centralize knowledge about local performance while decentralizing responsibility for the execution of government policies – centralizing in order to decentralize (Perrow 1977). All in all, despite some recent evidence of change (for example, PIs may soon be available on a monthly rather than yearly basis), the NHS thus stands out as the paradigmatic example of the organizational characteristics likely to produce a data-driven, slow and promiscuous set of PIs, which are then used descriptively rather than prescriptively.

The police display many, though not all, of the organizational characteristics of our paradigmatic case. The service is low on complexity, but high on heterogeneity and uncertainty. The ownership of performance is often uncertain; the principal actors, though lacking professional status, enjoy a high degree of autonomy; authority is divided between central and local government and accountability is fuzzy. So the fact that the NHS and the police have a similar record when

it comes to the design and use of PIs seems to vindicate our emphasis on organizational characteristics as decisive factors influencing the assessment of performance across and within the conventional public/private groupings. The point is further reinforced if we look at the other three 'service' agencies – social security, the courts and the prison service – within the public sector. The profile of social security – low on heterogeneity, complexity and uncertainty, with clear lines of accountability and a labour force that works within a set of very precise rules – is reflected in its bespoke, parsimonious system, relatively timely PIs, and the recent development of targets or norms against which performance can be 'read off'. The prison service has, if anything, a more streamlined system but uses its PIs descriptively rather than prescriptively while, conversely, the courts have a less bespoke system but do have some dials. The last two examples may provide a mixed picture, of course, precisely because their organizational characteristics are less clear-cut than the other public sector agencies so far discussed.

Clearly, one implementation constraint underlying developments in all of these public sector organizations relates to the autonomy and power of service providers. The acceptability of PIs to staff will depend not just on the technical design of the system but also on the broader implications it has for the distribution of power within the organization. The imposition of a top-down system designed by and for managers, generates considerable suspicion; like the dreaded factory time-and-motion study the introduction of PIs may be seen as an instrument of management control.

Professional opposition is not confined to managerial initiatives, it may also resist consumer power. Although it appears self-evident that consumers of public sector monopolies offering no means of exit should have the opportunity to exercise voice, in practice there are a number of important interests who may be reluctant to listen: these include politicians, managers and, most important, agenda-setting professional service providers fearful of any incursion by the consumer on their autonomy.

Successful implementation therefore may depend on the willingness to fight the political battle against service providers as well as on the ability of managers to negotiate change. Significantly, trade unions were able to resist management by objectives and other performance measurement schemes in the early 1970s (Garrett 1980). But by the 1980s, the diminution of union influence coupled with the absence of any autonomous professional grouping, help explain the differences between social security and the other public sector organizations systems where there is strong opposition from service providers – doctors, police, judges, prison officers. In this context, it is worth noting that the Treasury and Civil Service Committee (1990) recommended that each agency be assessed on 'how well it delivers the goods and the extent to which it meets the needs of the customers' (para. 23), that 'performance bonuses should be linked to customer service targets as well as other financial and non-financial targets' (para. 53) and noted approvingly the wide number of quality performance targets already in use. It will be interesting to observe whether this can substitute for the competitive market which brings its own pressures to provide what consumers want.

All the public services so far considered are non-trading organizations. How important is this factor, as distinct from the 'publicness' of the organizations concerned? To answer this question, we can turn to the public utilities (one of which, water, was on the point of moving into private ownership at the time of our field work). These are all services which sell their products or services. Like firms in the private sector they therefore have a 'bottom line': at the end of the year they have to account for their financial performance. They are quite a homogeneous group: very much closer to the social security than the NHS model – with bespoke, relatively quick and parsimonious PI systems, and sets of standards or norms against which performance can be 'read off'. But there are problems about interpreting this finding since it could be attributable to a variety of factors. Obviously, it could reflect the fact that they are in tradable sectors. But there may be other explanations as well. It could reflect the fact that the organizational characteristics of the utilities are much closer to social security than to the NHS: i.e. they tend to be low on heterogeneity, complexity and uncertainty. It could reflect the fact that they have hierarchical authority structures and do not depend on professionals or others who have successfully asserted their autonomy. It could reflect the monopoly position of two out of the three utilities – water and BAA – which has created the demand for a system of PIs designed to protect consumers against exploitation by giving visibility to the achievement of specific standards; and while the third, British Rail, is not quite a monopoly it does have captive consumers on some commuter lines.

To disentangle these alternative – or possible complementary – explanations, let us turn to the private sector firms. If the decisive factor were the 'bottom line', i.e. the fact these firms sell their goods or services, then we would again expect to find a homogeneous group. But, in practice, there are considerable variations within it; for example, the contrast between supermarket – the paradigmatic case at the opposite end of the scale to the NHS – and bank is as great as that, say, between social security and the police in the public sector. But heterogeneity, complexity and uncertainty are not the decisive factors here. Rather, the degree of competition appears to be critical. Thus supermarket operates in a highly competitive environment, with everyone in the organization aware of the struggle for market shares, while bank was operating in what had, until recently, been a somewhat sleepy market, with customers inherited rather than won over. Indeed during the course of our study, bank was in the process of smartening up its PI system: a clear response to the increasingly competitive environment in which it found itself.

This also underlines a more general point: the time dimension (Pollitt 1990). Most of the systems covered by our case studies were evolving and developing during the period of our inquiry (and no doubt are continuing to do so). Overall, the evidence suggests certain regularities in this pattern of organizational learning: an innovation cycle. First, the pressure to introduce performance measurement leads to perfunctory compliance, expressed in the production (often over-production) of PIs – perhaps, as in the case of the NHS, through the mass baptism of existing statistics as PIs. Next the production of PIs leads to resistance, notably

attempts to discredit them by questioning their validity, timeliness and appropriateness. There appears to be a standard repertory of denigration common to almost all the organizations studied. In response, refinements follow, leading to the discovery that PIs may, after all, be useful – although not necessarily always in the ways intended by their designers (so, for example, the organization may ‘capture’ the PI system in the sense that indicators are used to justify bottom-up claims for resources rather than as top-down instruments of control). Similarly, over time and with experience, indicators initially used as tin-openers may become dials. We do not wish to suggest that this cycle is inevitable in any deterministic sense or that all organizations will necessarily follow it, let alone that it is a normative or prescriptive model. Rather, it illustrates the intricate organizational processes and negotiations that will inevitably accompany the implementation of a PI system.

Our evidence therefore underlines the complexity of trying to understand the way in which different organizations set about assessing their own performance. No one explanation will do the trick. We can certainly dismiss the conventional view that the decisive factor is the presence or absence of a bottom-line or the difference between organizations in the public and private sectors. We can, tentatively, suggest that organizational characteristics tend to shape PI strategies in the public sector (although the initial catalyst was external political pressure), while it is the degree of competition which is the chief driving force in the private sector. But our findings are a warning, if anything, about adopting any mono-causal explanation: the way in which PI systems will be shaped and used is contingent on a constantly changing environment, where new demands will create the need for adaptive organizational responses. This can be illustrated by reconsidering one of the ‘ideal’ features of a PI system – parsimony. The heterogeneity and complexity of the NHS mean that a small set of PIs would fall hopelessly short of providing any sort of credible, comprehensive coverage of organizational performance. Indeed, as we have seen, the NHS has responded to criticisms of its earlier systems from politicians, managers, providers and consumers by multiplying the number of PIs. This suggests a further observation: the more audiences with conflicting interests that an organization has to satisfy, the more likely it is to offend against parsimony.

CONCLUSION

Performance is a complex and contestable concept. This statement holds whether or not an organization has the benefit of a bottom-line. For it is a central finding of our research that the problems of performance measurement transcend the public/private divide, and that cross-cutting organizational characteristics are most helpful in explaining variation in the nature and use of PIs. Even within the public sector there are many dimensions of performance and currencies of evaluation in circulation. The academic literature, in concentrating on the domination of the ‘three Es’ model and berating the cost-cutting objectives of the government during the 1980s has, on the one hand, underplayed the conceptual and technical difficulties of measuring performance and, on the other hand, underestimated the extent to which organizations are using measures of effectiveness. It is therefore possible to speculate that

the large number of 'caseload' services among the new 'Next Steps' agencies implies that throughput will be a core effectiveness indicator in the 1990s. Already the Treasury and Civil Service Committee cites examples, such as Companies House aims to reduce the time taken to process documents by 20 per cent and the Driving Standards Agency to decrease the waiting time for driving tests to an average of eight weeks (1990, para. 49). Moreover, both PIs are examples of quality PIs, illustrating our finding that public sector organizations can measure quality (and consumer satisfaction), particularly if quality is regarded as a by-product of doing the basic tasks well. However, technical capacity may not be enough to guarantee the emergence of the consumer PI; our findings show that the constraints on measuring consumer satisfaction frequently arise from organizational politics rather than any inability to solve conceptual puzzles.

A crucial factor determining the evolution of PI systems in the 1990s may, therefore, turn out to be whether or not the politics of design and implementation change. As we have seen, in the 1980s PI systems in the public sector evolved largely in response to a variety of governmental initiatives, reflecting a preoccupation with *internal* or managerial accountability (Day and Klein 1987): i.e. a concern with making government agencies answerable for their use of resources. The market or audience for PIs was accordingly restricted; the number of policy actors was limited. The question for the 1990s is whether or not the market and the actors will expand. Will PI systems become recognized as instruments of *democratic* accountability and come to be seen as a way of making government answerable to Parliament and others? If so, the nature as well as the size of the market will change, and PI systems in turn will inevitably be adapted to respond to different sets of interests and values.

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IMPROVED PERFORMANCE IN LOCAL ECONOMIC DEVELOPMENT: A WARM EMBRACE OR AN ARTFUL SIDESTEP?

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This article examines the extent to which changing approaches to performance management have had an impact on a range of agencies responsible for local economic development programmes in Britain. It explores the possibility that the effectiveness of public programmes could be more sharply highlighted and incorporated in the performance review of organizations. It demonstrates that major improvements have occurred but that overall the planning and management of local economic development remains largely incremental. While the FMI (Financial Management Initiative) has led to greater understanding of the extent to which corporate and programme accountability can be achieved in public agencies, it is not clear that sufficient momentum has been achieved for future changes to be self-generating. Further progress in performance management continues to be dependent on strong external pressures to publicize, probe and reward demonstrable improvements in public sector performance.

INTRODUCTION

There is general agreement that Britain has been some way behind a number of other countries in the area of performance management particularly in effectiveness auditing (Hopwood 1982; Richardson 1984; Glynn 1985). The policy review systems of the 1970s, PAR (Programme Analysis and Review) and CPRS (Central Policy Review Staff), though *ad hoc* and not part of a systematic audit process, did embody a concern for effectiveness. In the 1980s, although efforts to introduce accountable management in the public sector sought to raise efficiency and at the same time eliminate rigidity, it has been argued that they may have been more successful in achieving the former than the latter with the major emphasis having been upon 'value for money' and cost consciousness rather than questioning of policy (Metcalf 1989).

In this article we examine the extent to which changing approaches to performance management have had an impact on a range of agencies responsible for local economic development programmes in Britain. It is based on a comparative

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evaluation of the approaches to performance management in a wide range of agencies including central government departments, development agencies and local authorities. The principal agencies included in the study were: the Department of Trade and Industry (Regional Policy Directorate and Inner Cities Unit); the Department of the Environment (Inner Cities Directorate); the Scottish Development Agency; the Rural Development Commission; and four local authorities – a metropolitan district (Bolton MDC), a London Borough (Hammersmith and Fulham), a shire county (Cambridgeshire CC) and a shire district (Thamesdown DC). It was undertaken over a three year period between 1986 and 1989. Comparisons both over time and between agencies facilitated an analysis of structures, procedures and techniques for performance management and highlighted examples of best practice where performance management in local economic development has pushed into genuinely innovative areas, encompassing an explicit concern with, and measurement of, programme effectiveness. Performance management was defined in a wide-ranging sense, incorporating appraisal, monitoring and evaluation, the implementation of organizational processes and incentive systems to support these activities and the design of organizational structures to enable these processes to evolve in a manner appropriate to the culture of the organization concerned.

The field of local economic development was selected for two reasons. Firstly, programme outputs from local economic development are capable of at least partial identification and quantification but with qualitative dimensions. Secondly, it represents a single governmental policy area which straddles a spectrum of delivery agencies and which has a high profile within these organizations. There were, therefore, common pressures to improve performance, including the problems of decreasing resources and increasing political and public expectations, but a wide range of management structures and politician-manager relationships. The spectrum of delivery agencies in fact increased during the period of the study, with the declaration of a new generation of urban development corporations, the designation of 20 task force areas and the expansion of public-private sector joint and partnership initiatives, such as local enterprise trusts, Business in the Community and training enterprise councils. These agencies were incorporated into the study.

The research was specifically designed to explore the possibility that the effectiveness of public programmes could be much more sharply highlighted and built into the performance review of organizations than has so far generally been the case in the UK. Current practices were identified through interviews with senior managers in each of the sample organizations using semi-structured questionnaires based on detailed schedules of questions which explored the operational practice and the organizational and political environment of performance management. Further information was obtained from analysis of documentary evidence of organizational, programme and project performance related to economic development initiatives, using material published or circulated within the agencies concerned – especially appraisals, monitoring reports and completed evaluations. In addition project performance was traced over a twelve month cycle from initial appraisals carried out at the time of application for funding to the final funding decisions, monitoring reports and any final evaluations that were undertaken.

The principal objectives of the Financial Management Initiative (FMI) were from the outset to encourage departments to: set objectives; seek to measure outputs; carry out value for money studies; introduce decentralized budgeting; develop management information systems; and reorganize organizational structure to align them with new budgetary systems (Cabinet Office 1983; Jackson 1987). Here we consider, firstly, the processes which were used by the sample agencies to assess the value for money of their local economic development programmes (essentially addressing the first three FMI objectives) and, secondly, the organizational arrangements which these agencies adopted in order to improve performance management (the fourth, fifth and sixth objectives of the FMI).

PRACTICES FOR ASSESSING VALUE FOR MONEY IN LOCAL ECONOMIC DEVELOPMENT

A comprehensive performance assessment system should include 'appraisal', 'monitoring' and 'evaluation'. In order to avoid the considerable confusion about the meaning of these terms which persists in the literature we adopt the Treasury definitions whereby appraisal is defined as 'the process of defining objectives, examining options and weighing up the costs and benefits before a project is decided upon', monitoring is 'regular checking of progress against plan' and evaluation is 'the whole process of checking afterwards how far policy objectives have been achieved and how efficiently and economically' (HM Treasury 1988). We found that, although there was some confusion in the case study agencies about the scope of these three activities, the FMI had led to a clearer understanding of the differences between them. However, it had not prompted any of the organizations to develop fully the potential links between the three areas of activity to produce the complete and iterative 'rational decision-making cycle' of performance management as found in the literature. There were wide variations both between and within agencies in respect of the emphasis which was given to each of these activities.

Appraisal

Appraisal systems and practices varied greatly between agencies and between different programmes administered by the same agency. In general, appraisal methods and systems were best developed for the City Grant scheme (administered by the Department of the Environment), Regional Selective Assistance (administered by the Department of Trade and Industry) and the Scottish Development Agency's local economic development programmes. In these cases there were established 'routes' through which projects passed in the course of appraisal. The criteria against which projects were to be judged were generally explicit and projects were appraised by specialist staff often working in teams of appraisers from a range of different backgrounds and with a variety of complementary skills, including for example economists, quantity surveyors, district valuers and policy makers. At the other end of the spectrum, the appraisal by some local authorities of local economic development projects within their own mainstream budgets was quite cursory, especially when there was strong political backing for the type of project in question.

Appraisal systems and practices for the programmes run by the Inner Cities

Directorate of the Department of the Environment are highly complex and vary considerably between different programmes. As such they provide a very interesting example of variable practice within a single department. As noted above, City Grant projects (which comprise by far the smallest of the four urban block areas) are subject to very exacting appraisal by a central team of assessors. By contrast the focus of appraisal effort for all of the other three Inner Cities Directorate programmes is at the Department of the Environment Regional Office. The primary responsibility for the appraisal of Urban Programme projects lies with the local authority within the context of their Inner Area strategies (now known as Action Plans) although many projects are then also subjected to an outline scrutiny (and a sample is also appraised in detail) by the appropriate regional office of the Department of the Environment. Applications for Derelict Land Grant are also appraised by local authorities and the Department of the Environment's regional offices. The latter then bid for resources from the Inner Cities Directorate. Regional budgets are determined by commitments to on-going programmes of land reclamation, past performance in achieving spend and the quality of the new projects that the regional offices put forward. Urban development corporations have far larger delegations for project approval than do Urban Programme authorities. In 1989 the London Docklands Development Corporation for example was able to spend up to £6 million on certain types of project without reference to the Department of the Environment. Most urban development corporation projects which fall outside the delegation limits are appraised by the regional offices of the Department of the Environment, though a few are scrutinized by the Inner Cities Directorate and/or the Treasury.

In contrast to practice within the Inner Cities Directorate of the Department of the Environment we found that applications for assistance for projects from the Rural Development Commission were usually subject only to eligibility checks by the Department of the Environment's Rural Affairs Directorate rather than in-depth appraisals. They were not routinely appraised by their local sponsors, who generally regarded this as the commission's role. However although the commission has devoted considerable time and effort to the selection of priority areas, it has not, until recently, developed a framework for making choices between alternative eligible projects (other than in the workshop-building programme).

Across all agencies the rigour of appraisal varied according to certain key characteristics of proposed projects. As might be expected, larger schemes were usually appraised in more detail and more often than less costly projects, although (as illustrated above) the expenditure thresholds above which projects were closely scrutinized varied remarkably between programmes. Another feature of the appraisal systems of all the agencies is that projects considered to be 'novel or contentious' are usually subjected to much more extensive appraisal than more 'run of the mill' schemes – for example, the Department of Trade and Industry, the Department of the Environment, the Rural Development Commission and the Scottish Development Agency are all required to submit particularly large or novel and contentious schemes for Treasury approval.

On the whole projects were appraised against a narrow range of criteria. In both

central government departments and agencies and the local authorities, there has been a preference for low risk schemes, for which there are precedents, and which are expected to result in the creation of large numbers of jobs and to 'lever' in private sector investment. The wider benefits and costs of schemes have been generally given very little weight, and medium/long-term impacts have not normally featured prominently as appraisal criteria. The emphasis in the Department of the Environment's appraisals on quantitative performance measures and low unit costs has tended to encourage 'safe' rather than innovative schemes and a lack of attention to needs (Johnson *et al.* 1991). It is also apparent that in spite of increased emphasis on the need for a strategic approach some projects, especially in the Derelict Land and City Grant programmes, were still appraised largely as one-offs rather than as part of a co-ordinated strategy of action within an area. It was also clear that all the appraisal systems we studied were designed not only to select 'good' projects but also visibly to ensure accountability and to demonstrate the propriety of the system. Indeed, since the introduction of the FMI there has been a general shift of emphasis from identifying best projects and a growing concern with demonstrating that the 'appropriate' procedures have been adhered to and that decisions have been reached as quickly as possible (i.e. that the system is efficient). It is also clear that appraisal is not regarded as a purely technical exercise; there were examples from most of the agencies of projects having been approved largely because of political considerations.

Monitoring

Monitoring procedures in our sample agencies were generally less well developed than appraisal systems. The best systems usually related to financial monitoring. Most agencies had adequate systems for monitoring actual against expected expenditure. However, in spite of this there were a number of instances of continual underspend (for example Urban Development (the forerunner of City) Grant, some development corporations, and some of the Rural Development Commission's programmes). Underspend in some of these cases was clearly due to the low level of take-up of assistance (Martin 1989) but the frequent need in the last quarter of the financial year to re-allocate budgets and spend resources in a hurry (the '31st March syndrome') was indicative of a weakness in the financial management systems of many of the agencies studied. Most had taken steps to improve this situation and there were several examples of successful procedures for virement between programmes, for example re-allocation of City Grant and Derelict Land Grant to other parts of the urban block (usually urban development corporations) and of Derelict Land Grant and urban development corporation funding from one geographical area (for example Merseyside Docklands Development Corporation) to other priority areas (for example London Docklands Development Corporation).

Monitoring of the completion of projects was sporadic. Several agencies did not have formalized arrangements for ensuring that projects had been satisfactorily completed. Some local authorities and the Rural Development Commission suggested that they had such a strong local presence that they would soon become aware of cases where projects had not been completed within the expected time

or budget. Most of the programmes administered by central government departments had some form of rudimentary 'signing off' procedure. Some regional offices of the Department of the Environment send staff on regular site visits. However, others tend to make project visits only on an *ad hoc* basis – indeed, sometimes only on such special occasions as opening ceremonies or tours by politicians.

Monitoring of project outcomes was generally weak. In some agencies it was non-existent. The best practice in this area was the Urban Programme Management Initiative. A monitoring system, imposed on the local authorities by Inner Cities Directorate (Department of the Environment), requires authorities to specify key performance measures for each of their Urban Programme projects at the time when they apply for funding. The outcomes of a sample of projects are monitored by the Department of the Environment's regional offices, but for the majority of projects the onus is on the local authority to report project outcomes. Given the number of Urban Programme projects, this generates a vast amount of information and some authorities now use Urban Programme-tailored computerized project management systems (for example, PRISM) to collect and record data. In addition, each Urban Programme authority must prepare an annual report on the values of the standard output measures for the Urban Programme as a whole, laid down by the Department of the Environment. (There were 57 such measures in the late 1980s, recent amendments have resulted in a list of 14 output measure codes covering 26 separate output measures which are used to summarize expected outputs and submitted to regional offices by local authorities).

As with other programmes, most of the output measures used for the Urban Programme relate to, for example, low level outcomes such as hectares of land reclaimed, number of firms contacted, and number of jobs accommodated in premises rather than in terms of higher level outputs such as jobs created/saved. This distinction is not however always made clear in reports on the achievements of programmes. For example, there were several instances where all of the jobs provided by firms which had been assisted by an initiative were assumed to have been created by the initiative. The focus on intermediate outputs is understandable since these are much easier to measure. However, it reflects the bias in most agencies' performance management systems towards economy and efficiency issues and the neglect of questions of effectiveness and equity which can only be assessed through the use of measures of higher level impacts.

This lack of attention to monitoring of high level impacts is clearly illustrated by practice in the Urban Programme and Derelict Land Grant regime. In both, overall strategic objectives (usually reflecting ministerial guide-lines) are specified by local authorities but these are not related explicitly to operational objectives. This 'missing link' in the goals hierarchy between overall objectives and the 'immediate' outputs reflects a quite general weakness in objective-setting within government programmes which would be overcome by the adoption of a more explicit hierarchy of objectives (Tricker, Bovaird and Martin 1987). However, some agencies (e.g. Bolton MDC) have made considerable progress in defining such a hierarchy of objectives for local economic development and have been able to indicate approximate expenditures against objectives at different levels.

Evaluation

The best practice in evaluation was found in the Department of the Environment and the Department of Trade and Industry and, to a lesser extent, in the Rural Development Commission and the Scottish Development Agency. Even within these agencies there were significant variations. For example three of the four areas of the urban block administered by the Department of the Environment (Derelict Land Grant, Urban Programme and Urban Development Grant – the forerunner of City Grant) had been the subject of comprehensive *ex post* evaluations by external consultants (PSMRC 1985; Roger Tym 1987; Johnson *et al.* 1988) whereas the impacts of the urban development corporations had not been evaluated in this way.

The local authorities in the sample had not generally been involved in evaluation studies. Some felt that their local economic development budgets were too small to merit evaluation, others that projects had been running for insufficient time to allow their impact to be identified.

It was clear that most evaluation studies had been commissioned as a result of externally imposed FMI requirements or a desire to prepare for 'aggressive' Treasury scrutiny during the PESC (Public Expenditure Survey Committee) round. Those programmes which were perceived to be most vulnerable had been evaluated most frequently. Thus at the time of our study the Urban Programme (which has often been regarded as suspect by ministers and the Treasury) had already been the subject of 43 separate scrutinies. It seems that, although more evaluation studies are now being undertaken, they are rarely commissioned unless outside pressure has been exerted on the sponsoring agency. (The only important exception to this general rule in our sample agencies was that grant schemes which attracted much lower take-up than expected, e.g. City Grant and Regional Enterprise Grant, were subjected to internally generated reviews).

'Value for money' studies

As noted earlier the overriding concern in the 1980s has been to achieve 'value for money'. Following the lead of the Audit Commission (1983), value for money has typically been regarded in terms of economy, efficiency and effectiveness. However, it has been claimed that the 'Three Es' are not a sufficient basis to ensure that value for money is achieved because the traditional definition, in terms of the 'achievement of goals or desired results' is potentially very limiting, especially if an agency has set its top level goals in a narrow, inward-looking way rather than in terms of improvement in community welfare. In order to avoid this danger, we have argued elsewhere that the effectiveness of a public service should be defined as the change in community welfare which it has brought about (Bovaird, Gregory and Martin 1988). 'Effectiveness' can be seen as the achievement of desired 'impacts' on clients (both direct and indirect) affected by the service, while 'equity' is the achievement of the desired distribution of impacts across individuals or target groups. If an organization has set explicit goals for the achievement of equity or fairness, then analysis of the achievement of 'equity' will automatically be covered by 'effectiveness' analysis. However, equity is a critical aspect of the impact of

all public service organizations and equity criteria are often not made explicit. The concept of the 'three Es' needs therefore to be extended to the 'four Es' in most public sector contexts, in order to include equity.

In practice, most agencies paid far more attention to measuring the economy and efficiency of their programmes than to gauging their effectiveness and equity. The progress made in the areas of economy and efficiency can be attributed in large measure to the influence of the FMI principles, particularly in central government departments where improvement has been most rapid. There is, however, some evidence of a growing concern with the question of whether local economic programmes are achieving their objectives (for example Audit Commission 1989) and the questions of who pays for and who benefits from such initiatives ('targeting').

The best practice in assessing economy and efficiency was found in the Department of the Environment programmes. Most of the Inner Cities Directorate's programmes are scrutinized for variations in unit costs which are built into both appraisal and monitoring. (It has not, however, been featured strongly in the Department of the Environment's evaluation studies). Even in cases where attempts have been made to measure effectiveness (by for example the use of cost per job figures) different measures have been used in different studies (Gregory and Martin 1988). As a result, it has rarely been possible to compare effectiveness across programmes, prompting concern in Whitehall and the setting up of an interdepartmental committee to agree common methods of calculating cost per job ratios.

Another widely used effectiveness measure was additionality, although its importance has varied between programmes. For example, it was of paramount importance in the assessment of City Grant and Regional Selective Assistance but accorded much lower priority by the urban development corporations which, surprisingly, tended to assume that all of their activity was additional. As would be expected there was little agreement about the size of the area within which activity needed to be additional. Some agencies were concerned with new economic activity within the economy as a whole (this factor is given special weight by the Department of Trade and Industry and (for Scotland) by the Scottish Development Agency), while others, especially local authorities, consider the promotion of net additional activity within priority localities to be the key objective. More worryingly, some agencies gave considerable attention to 'leverage' ratios (i.e. the ratio of private sector funds to public sector funds in a project). While high leverage represents success in attracting other providers of inputs to the project; it does not represent in any way an independent measure of the effectiveness of the project nor therefore can it measure the effectiveness of the use of public monies. Sometimes there had been a distorted emphasis on giving public monies to projects which would have gone ahead anyway, in order to demonstrate the achievement of high 'leverage' (e.g. in the case of some Urban Programme and Urban Development Grants).

Greater targeting of resources could have been, in some circumstances, a concealed attempt to cut back resources. We found little evidence to support this argument in the case study agencies and programmes. However, although most

of the agencies we studied attempted to target their local development initiatives, they gave greater emphasis to targeting on priority areas rather than on specific groups of clients. As a result, although many of the beneficiaries of programmes might live and/or work within target areas, many of these people do not belong to target groups. Many Urban Programme project bids specified particular target groups and the distributional impacts of these Urban Programme projects were (at least partially) monitored. Apart from this one example, however, very little attention has been paid to the issue of equity in spite of formal commitment to greater targeting and criticisms of the undesirable impacts on local communities, e.g. in the case of the London Docklands Development Corporation projects (House of Commons Employment Committee 1988; National Audit Office 1988).

The nature of the arrangements for reporting the results of 'value-for-money' studies is an important indicator of the attitude towards and the use which is made of these studies by different agencies. We found that there was a clearly detectable trend towards more open and wider reporting by central government departments of the results of its programmes. This was also the case with the two development agencies (the Rural Development Commission and the Scottish Development Agency). Practice in local authorities was however more variable with some authorities still worried about the implications of publicizing 'bad news' to councillors and local electorates. Instances of the results of value for money studies directly affecting departmental policies were rare. Perhaps the best example was the abolition of the Regional Development Grant by the Department of Trade and Industry as a result of evaluation studies which showed that it was a relatively expensive and blunt policy instrument for creating new jobs.

It was expected that there would be considerable scope for transferring the lessons learnt from value for money studies between agencies and even more scope for transferability between programmes administered by the same organizations. There were, however, surprisingly few examples of such transfers. The results of evaluations were not generally well disseminated either within organizations or more widely and this limited the scope for learning. Many agencies claimed that too few studies had yet taken place to justify comparative studies or syntheses of the results of several evaluations. The extent of the scope for better dissemination is shown by the success of the Department of the Environment series of publications on 'best practice' in urban regeneration; these booklets attempt to encourage local authorities to replicate projects which have been successful in other areas. The Rural Development Commission has produced similar material for rural projects. These aids to 'copy-catting' have been valuable both to local authorities and the private sector and voluntary organizations which intend to design schemes eligible for Urban Programme and Rural Development Commission funding. Nevertheless, it is still possible to find many examples of the same approach being 're-invented' in new areas.

There are several examples of performance measures being used very effectively by agencies either to defend their programmes, to bid for increased resources or to generate favourable publicity. Although the so-called 'fifth E' – electability – should not in our view be an explicit criterion in performance management

(Bovaird, Gregory and Martin 1988), in practice political judgements play a crucial role in policy making and often override considerations based on the results of value for money studies. For example, where local economic development initiatives have created large numbers of gross jobs, political capital has been made even when the net job effects were expected to be small. During the 1980s, the Department of the Environment has been pressured continually by the Treasury to justify its Urban Programme. It used value for money studies to advantage in an attempt to keep the lead role in urban policy (which was temporarily transferred to the Department of Trade and Industry under Lord Young). A consequence was that the Department of Trade and Industry (and the Department of Employment) boosted their inner city orientation, although neither department felt sufficiently challenged to produce value for money information on the inner city impacts of their main programmes. Local authorities have publicized the level of their Urban Programme initiatives (but not so much their results) in their campaign to preserve their programmes and spending powers in relation to the Department of the Environment (most vividly seen in the unsuccessful battle for survival by the Greater London Council and the Metropolitan Counties in 1986).

ORGANIZATIONAL ARRANGEMENTS FOR SECURING VALUE FOR MONEY IN LOCAL ECONOMIC DEVELOPMENT

The introduction of FMI principles in local economic development programme agencies has resulted in a number of related organizational initiatives, including decentralization of budget holding and monitoring; processes for increasing internal accountability (starting from the level of individual units and departments and going right up to corporate levels of decision-making); design of incentive and sanction systems to promote improved performance; and clearer mechanisms for external accountability (to the public, external audit and to political stakeholders).

Decentralization of budget holding and monitoring

The desirability of decentralization of budget management and monitoring has been widely accepted in theory and was enshrined in the FMI as an essential part of improved performance management. However, practice in our sample agencies did not reflect the theory. Whilst some central government departments such as the Department of Trade and Industry had introduced significant budget decentralization, others such as the Department of the Environment were slower to implement such processes. Furthermore, many central government departments continue to restrict severely financial delegation to their agencies. A particularly restrictive example is the delegation from the Department of the Environment to the Rural Development Commission in respect of its economic programme – all projects within it once approved by the Rural Development Commission were submitted to and approved by the Department of the Environment (Bovaird *et al.* 1990).

There was a revealing contrast within local authorities between those schemes which sought partial central government funding (e.g. 75 per cent Department of

the Environment grant-aided Urban Programme projects) and those which required full funding from a local authority's own resources. Local authorities submitted the application forms to the Department of the Environment with relatively little appraisal, monitored project expenditures quite carefully (since grant payments depend on progress) but rarely evaluated the projects after the event. By contrast, the Department of the Environment scrutinized all of these (often small) Urban Programme projects but did not spend so much time approving similar budget bids from within its own divisions. Appraisal processes were usually much tighter (to the point of being deliberately obstructive in some authorities) where a local authority meets the full bill, for example in the case of applications by voluntary agencies and businesses for economic development grants and these projects were scrutinized more fully than similar sized bids from internal departments of the local authority.

These disparities are so substantial that they cast doubt on the extent to which most agencies have genuinely embraced the principles of the FMI, as opposed to implementing piecemeal those elements of the FMI which suit the agency's own interests. They also suggest that the current drive towards decentralization of Whitehall functions to executive agencies could be impeded if there were less delegation in practice than is currently expected by policy makers setting up these systems.

Increasing internal accountability

Organizational processes for enhancing internal accountability can work at corporate, departmental, sectional or at individual levels within agencies. In the local economic development programmes which we studied there were examples of processes at each of these levels but no agency had an integrated system which was designed to increase accountability at all of these levels. The principal means of enhancing accountability for local economic development programmes at corporate level is the corporate plan. These have assumed particular significance in the development agencies (the Scottish Development Agency, the Welsh Development Agency and the Rural Development Commission and the urban development corporations). The negotiation over future budget allocations has become increasingly related to perceptions of past performance. This development is slightly ironic given local authority disenchantment with comprehensive, long-term corporate planning processes during the past decade. However, the new generation of corporate plans which are required by central government departments tend to be much more strategic (and therefore less detailed) than the typical local authority corporate plans of the 1970s. They also include clearly defined performance indicators, which have tended to short circuit the need for detailed statistical background information.

Departments and sections of agencies dealing with specific local economic development programmes have increasingly chosen (or been required) to prepare strategies and 'business plans', together with 2-3 year work programmes. In some organizations, (e.g. Cambridgeshire County Council), this process was taken very seriously and appears to have become a natural part of the management cycle. In other agencies, very little attention was paid to the period beyond the next financial year

(e.g. in Rural Development Programme submissions to the Rural Development Commission). In Inner Area Programmes and economic development strategic plans, there was a contrast between capital budgeting which looked some years forward and revenue budgets and programmes which were assumed to roll-forward incrementally in a relatively mechanistic way. This tendency is especially worrying given that, in some agencies, departments and sections have begun to place much more emphasis on performance indicators in their strategies and business plans. These indicators cover typically the past year, with targets set for one year or two years ahead. While these performance indicators are often valuable in themselves, they embody a far more short-term view of the performance of projects and programmes than the cost-benefit analysis literature suggests is desirable – they are especially inappropriate in capital projects where patterns of cash flows (expenditure or income) are expected to fluctuate widely over time.

The greatest convergence in practice between our sample agencies was at the level of individual responsibility for performance assessment and accountability. Staff appraisal systems which were almost universal in central government departments, are becoming standard practice in government agencies and are now also being introduced more widely in local government. However, none of these systems had been evaluated by the agencies which we studied and there was no evidence that changes in productivity or the quality of outputs had resulted from these extensions of performance management to the level of individual members of staff.

Incentive and sanction systems

The spread and rigour of performance management procedures in an organization might be expected to depend partly on the system whereby 'good' performance is rewarded and 'poor' performance is sanctioned (Greiner 1981). Yet there is little evidence in the literature about the extent to which the design of incentive and sanctions systems actually changes the recorded level of performance. The range of incentives available for 'good' performance might include budget increases, setting up of a new unit or division, promotion, higher pay or increased opportunities for career advancement outside the public sector (especially management consultancy). Conversely the range of sanctions which might be available for performance that is judged to be 'poor' might include budget cuts, reorganization to reduce the status of under-performing sections, divisions or individuals, hiving-off under-performing units to the private sector or other agencies, managerial pay cuts or dismissal.

In practice, of course, several of these avenues are largely closed in the public sector. We found no examples of pay cuts or dismissal as a result of performance assessment in our case study organizations. Their availability as extreme sanctions may set some limits on acceptable performance levels but they did not appear to play a significant role in the mainstream approaches to improving performance. It is also the case that promotion prospects in the public sector have been relatively poor in the 1980s, so that this traditional motivation for good performance at the individual level has become much weaker.

However, the other incentives and sanctions listed above were of some significance

within most organizations and there was some, albeit inconclusive, evidence that commitment to and development of performance management was strongest in those agencies in our sample which tried to associate rewards and sanctions with performance levels. The most thorough-going example was represented by Cambridgeshire County Council where departmental performance indicators are fed into the corporate medium-term plans and are then related to the personal accountabilities and goals in the staff appraisal system for the top 300 staff in the authority. A recent review commented on the overall high level of commitment to and enthusiasm for performance management in the authority and the sustained momentum of the performance appraisal system (Martlew 1989).

The Cambridgeshire performance-related pay system is very similar to that which has existed in the civil service since 1985. However, officials in the central government departments to which we talked (the Department of Trade and Industry and the Department of the Environment) told us that performance-related pay had not, as yet, influenced performance levels in any significant way. Nevertheless, those agencies which had no staff appraisal systems (or only nominal approaches) were the least positive in their overall approach to performance management, while the strong emphasis on performance management in the Scottish Development Agency and Cambridgeshire CC was associated in the minds of top managers with their pay implications based on improved performance. In these agencies performance-related pay systems highlighted the need to 'manage your manager' – i.e. to negotiate and continually keep in mind the elements of a performance contract, upon which regular reporting will be expected. However, it is unlikely that this will be feasible until cost-effective performance-related pay systems extend beyond top and senior managers (De Marco and Niro 1983).

The other main approaches to rewards and sanctions for performance – restructuring or budget changes – are more difficult to implement. The tendency to reorganize when performance is 'poor' can be seen as a mechanistic, structure-oriented response which causes disruption without altering the underlying processes. Those organizations which have an agency relationship with the units responsible for service delivery have the opportunity to impose budget cuts if performance is poor. Certainly the Department of the Environment has threatened Urban Programme authorities with lower budget allocations if they did not 'get their act together' to reduce capital programme slippage, continual underspend, and over-weighting of programmes towards social projects. Similarly the Rural Development Commission has indicated to Rural Development Programme committees in the rural areas that the Rural Development Commission grant allocations will be influenced by past performance. These approaches are more difficult in services which are regarded as essential (for example the NHS where the Treasury indicated that under-performance by a health authority would lead to a budget increase to resolve the problem but should also lead to the removal of the management team responsible for the under-performance). In fact, the linking of higher budget allocations to good performance is only credible where alternative providers are available to which budget allocations may be switched. This option is obviously possible in such cases as applications by firms for grants or other support, based on the

jobs they could provide since applications offering apparently poor value for money can be rejected in favour of better quality applications. However, such a switch is not a viable method of applying pressure for improved performance in the case of local authorities with major inner city problems (e.g. of young unemployed or disaffected ethnic minorities) because there are few 'competing' agencies at a national level to which funds might be switched; dealing with the network of local agencies in each city would be extremely cumbersome for a central government department.

Mechanisms for external accountability

The FMI has placed great emphasis on strengthening the mechanisms for external reporting by which agencies must inform their different 'publics' about their performance. These mechanisms include: external audit for each agency; wider analysis and dissemination of audit information by the National Audit Office, Audit Commission and the Public Accounts Committee; reporting to external political stakeholders (e.g. agreeing corporate plans with ministers and defending policies before select committees); and reporting to the general public (e.g. annual reports).

There was evidence that each of these mechanisms had been important in pressurizing our sample agencies to improve their performance management at different junctures. No one approach provided sufficient pressure on its own. External auditors had only rarely picked up serious problems in the local economic development programmes which we investigated. However, several examples showed the potential value of the annual external audit – a value related at least as much to the threat potentially posed as to the real penetration of its work. In addition, such criticisms typically recurred for several years, whereas many external value-for-money reports are handicapped by being 'one-off', so that organizations can try to 'ride out the storm'.

The National Audit Office and Audit Commission have both reviewed local economic development programmes, primarily in the context of the Urban Programme. While the Department of the Environment argued that the early National Audit Office report on the Urban Programme (National Audit Office 1986) was unfair and rather out of date, its criticisms resulted in the extension and tightening up of the Urban Programme Management Initiative, which provides a very impressive monitoring framework for a highly complex network of agencies. Again, a more recent report (National Audit Office 1988a) has drawn attention to the very arms-length relationship which the London Docklands Development Corporation has managed to develop with the Department of the Environment and the growing inconsistency of this approach with the department's much more detailed scrutiny of the other urban development corporations. The House of Commons Employment Select Committee also criticized the London Docklands Development Corporation for its inattention to the equity implications of its projects (House of Commons 1988). A National Audit Office study of Derelict Land Grant programme highlighted weaknesses in the Department of the Environment's monitoring systems both at regional and headquarters level, including a lack of defined targets and performance indicators (National Audit Office 1988b). The

Audit Commission (1989) has recently advocated a redefinition of public sector roles in inner city policy and proposed the institution of a more systematic, standardized approach – local economic regeneration audit, developed in conjunction with the private sector and local offices of central government departments and incorporating the setting and monitoring of clear, quantified achievement targets, such as number of new jobs created and surface area of land reclaimed.

A more directly threatening external reporting system is provided by the negotiation and monitoring of the corporate plans of government agencies where failure to achieve can have repercussions both on budgets and on the job security of top management. One agency which we encountered during the study had, reluctantly, agreed to a small number of performance indicators for regular reporting to its department but had negotiated a set of indicators which were crude and easy to 'load' in a favourable direction. However, the department then used these as an instrument with which to 'tighten the screws' in future years, by asking for progressively higher performance standards. The corporate plan, provided, therefore a mechanism for increasing accountability to central government, in spite of the initial smoke-screen in which performance measurement was shrouded.

The annual reports of development agencies such as the Scottish Development Agency, the Rural Development Commission and the urban development corporations have their parallels in the Department of the Environment in the form of annual reports on the Derelict Land Grant Programme, the Urban Programme and in local authorities' publication of annual Inner Area Programmes. While there is a strong suspicion that these are essentially publicity documents and that they often fail even in this capacity due to low readership, it is clear that officers responsible for performance management in some agencies have found it valuable to have this annual requirement to produce clear statistics for public consumption on the performance of the agency. The Scottish Development Agency annual reports were scrutinized more carefully because of the political significance attaching to their national role. Furthermore, annual reports have provided an especially clear focus for debate by the Public Accounts Committee and the select committees of the House of Commons and for academic critiques of the extent to which the progress they publicize is real and significant (for example McLaren 1989).

CONCLUSIONS

The overall intention of the FMI was that management in government should become more rational and systematic. Clearly this objective was a huge undertaking and it is to be expected that it will take time for this approach to become embedded in the culture of public agencies. It is hardly surprising therefore that the performance management practices relating to local economic development still only partially fulfil the objectives of the FMI. Major improvements have occurred, however, most notably in developing cost reduction approaches, in conducting independent *ex-post* evaluation studies and in developing systems of quantifiable output measures for projects. In the mid-1980s many agencies had little idea of the level of outputs which they were 'buying' in their economic development programmes. For example when the senior officers of one large leading local

authority with whom we worked were first presented with the figures of the outputs from their urban programme they were unsure whether the data related to one or five year's performance! As a result of the improved performance management systems that have been adopted nationally few authorities are in that unfortunate position today.

However, improvements in other aspects of performance management have been patchy. For example, there is considerable variation between agencies in the extent to which budgetary decentralization has been achieved and the degree to which staff appraisals and reward systems have been related to measured performance. There is also considerable doubt about the degree to which performance information has altered strategic programme decisions, budget allocations, project rankings or the career prospects of the key staff concerned; we found several examples of performance management systems being used 'protectively' to defend a programme against 'aggressive' politicians rather than to achieve positive improvements in programme effectiveness.

Overall the planning and management of local economic development programmes continues in practice to be largely incremental and the FMI has not led to the development of qualitative performance assessments, formal self-assessment and self-monitoring systems or to widespread dissemination of the lessons of effectiveness studies across agencies with comparable programmes. Even in cases where improvements had taken place they were not always attributable to the FMI; officers in a local authority which had one of the best systems of staff appraisal and of strategic planning which we encountered claimed never to have heard of the FMI!

In conclusion, the FMI has undoubtedly led to better information for public debate and greater understanding of the extent to which corporate and programme accountability is now potentially achievable from the agencies concerned. It is still not clear, however, that sufficient momentum has been achieved for future changes to be self-generating. The reaction to new performance management procedures in some agencies is still to attempt to sidestep rather than embrace them. Our work suggests that further progress will be dependent on strong external pressures to publicize, probe and appropriately reward demonstrable improvements in public sector performance. As in other programme areas, agencies responsible for local economic development programmes would not have implemented improved performance management systems as rapidly (if at all) had the FMI principles not enjoyed considerable political backing from the very centre of government.

There is no evidence at all of a 'counter-current' against the changes championed by the FMI but it certainly cannot be assumed that the proliferation of executive agencies will accelerate future improvements in performance management. There remains a need to maintain a delicate balancing act between the requirement for accountability and for managerial flexibility. The evidence of the last seven years suggests that the new agencies will have to be subjected to sufficient pressure from central departments to ensure that they adopt comprehensive performance management systems. However, it will be important to avoid opening the door so wide as to allow over-elaborate intervention by departments which would stifle the newly

created agencies and thus militate against the achievement of the main objectives of the 'Next Steps' initiative.

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THE NEW 'EVALUATIVE STATE'

MARY HENKEL

This article is based on a comparative study of three forms of evaluation used by government, the Audit Commission, consultants and the Social Services Inspectorate. The paper argues that these evaluative bodies strengthened the authority of government in the 1980s and supported the shift from a professional to a managerial culture in government. Their contribution to those changes can be linked to the kinds of knowledge they used and the positivist assumptions about knowledge that reasserted themselves in evaluation and in government in the 1980s. However, the research also provides further support for the critics of positivism. The distinction between fact and value and between technical expertise and political argument often broke down in evaluative practice.

THE CONTEXT

During the 1980s evaluation and evaluative bodies acquired an unprecedented prominence in government. The Conservative government's mission to control public expenditure and implant a new managerial culture in the public sector required robust review and control mechanisms. Evaluation was presented as a prerequisite of effective accountability and significant change. The measurement of performance against clear objectives was at the heart of the Financial Management Initiative for more accountable management in central government (Cmnd. 8616, 1982). Performance indicators proliferated in every part of the public sector through the decade (Cave *et al.* 1988; Pollitt 1986; 1990). The reforms of education, the personal social services and the management of local government depended on a new army of evaluators.

The research reported in this paper explores evaluative institutional arrangements along two main dimensions: different kinds of knowledge; and the authority which they generate and use. When the Conservative government came to power in 1979, evaluative institutions were in many ways ill-adapted to their purposes, in particular in their focus, their knowledge bases, their conceptions of authority and their evaluative modes.

In the 1960s and 1970s the trend in at least some key parts of the public sector had been towards professionally led, liberal and interactive evaluation. Peer review

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was an influential model. Criteria and standards were often not made explicit, since within peer review there is a general (frequently mistaken) assumption that they are known and accepted (Kogan and Henkel 1983). Resource needs, input and process were emphasized at the expense of resource constraints, output and outcome.

Staff of both 'efficiency' and 'enforcement' inspectorates adopted collaborative and persuasive, rather than coercive, strategies (Hartley 1972; Rhodes 1980). The state audit system was 'severely restricted in scope and expertise and not fully independent from the executive' (Normanton 1966; see also Glynn 1985; Garrett 1986).

Contemporary theory of evaluation (more fully developed in the USA but influential in some policy sectors in the UK) increasingly assumed a pluralist political framework and anti-positivist epistemologies. As rationalist and synoptic models of policy making gave way to models based on incrementalism, negotiation and bargaining, so the ideal of objective, value-free evaluation faded. Evaluators recognized that there were multiple stakeholders in evaluations (Stake 1982; Guba and Lincoln 1989). They saw their work as by definition saturated and shaped by values and thus inevitably partial and contestable: evaluators aimed to purvey rigorous argument rather than conclusive judgement (House 1978; 1980). They must select and make explicit their value position. They might ground it in moral or political philosophy, e.g. House (1980) proposed the use of Rawls' theory of justice. Alternatively, they might align themselves with one group of stakeholders (Patton 1978; Cronbach 1980; Scriven 1980; Stake 1982; Wholey 1983).

The new government's beliefs and aims were radically opposed to such ideas. They sought to reverse the trend to pluralism and to weaken the institutional arrangements on which it was based. Their epistemological stance was unequivocally positivist. They assumed that complexities of provision could be broken down and objectively assessed on measurable indicators of performance according to nationally established standards. Resource constraint and control were taken as incontestable priorities, from which unassailable instrumental values could be derived: economy, efficiency, effectiveness, performance and value for money (cf. Pollitt 1986). New evaluative institutions and practices were established, centred on these criteria and based on new assumptions about the knowledge and expertise they required and the authority they should carry. Old institutions were scrutinized and, in some cases, abandoned. For example, it was decided that the royal commission was no longer an acceptable form of evaluation and none was established in the 1980s. In other cases, institutions were reconstituted.

THE RESEARCH

The research on which this article is based examined three forms of evaluative arrangement. They were, first, the Audit Commission which was created by the Local Government Finance Act (1982). It was to extend the 'regularity' audit function of its predecessor, the District Audit Service, by monitoring and promoting economy, efficiency and effectiveness in the management of local government. Second, the research examined the use of management consultants in central

government departments, a practice begun in the 1960s but substantially increased by the Conservative government in the 1980s. Third, it examined the Social Services Inspectorate (SSI), formerly a professional advisory service, redesignated in 1985 with the intention of monitoring and promoting the values of instrumental management.

These institutions displayed differing degrees of independence and dependence on government for the power to act. Between them they were concerned with evaluation in central and local government. Two belonged to the emergent managerial culture; one had strong roots in the professionalism dominant in government in the 1970s, although it was now to incorporate new managerial values.

An intensive, qualitative methodology was adopted, quite deliberately, by the Brunel research team. The case study was the preferred method, supplemented by documentary analysis and elite interviews that were not restricted to actors in the specific case studies. The study of the use of management consultants in government was the exception. It was decided that the variety of consultancies was too great to be captured in one or two cases and our analysis is based on interviews in five government departments and ten consultancy firms.

The case study of the Audit Commission focuses on their report entitled *Towards Better Management of Secondary Education*, which was carried out between 1984 and 1986. Such special studies, newly authorized by the 1982 Act, were a key means of extending the 'regularity' audit function of the Commission to include the analysis of change. They constitute the nearest point of comparison of the Commission's work with that of the SSI.

The analysis of the SSI is based on two case studies. The first case study, *Inspection of Community Homes* (SSI 1985), describes the SSI's predecessor body, the Social Work Service (SWS) in transition to an inspectorate. The second case study examines the SSI's regular statutory inspections of secure accommodation in community homes.

The study team adopted an intensive research strategy to tease out the varying relationships between the authority, knowledge bases, values and impacts of the selected evaluative bodies. This article centres on the following questions: first, how coherent were the models of authority on which the chosen institutions were based, in theory and in practice? Second, how far did these evaluative bodies strengthen the authority of central government during the 1980s? Third, how did those who were the subject of their evaluation respond to them? Fourth, how far was there convergence between the institutions, particularly in their knowledge bases and the use to which they put them? Finally, one question recurs throughout the article: how important was the link between legal or institutional authority and the kind of knowledge used by evaluative bodies? Previous research carried out by Kogan and Henkel (1983) had suggested that the knowledge base of evaluation in government significantly affected its authority.

MODELS OF AUTHORITY

The Audit Commission

As a deliberate innovation by a government with clear priorities, the commission could be expected to have the most coherent objectives amongst the evaluative

bodies studied. However, the extended audit function brought with it more complex relationships between auditors and local authorities. Auditors were required to be collaborative with authorities and yet also objective (Audit Commission 1984a). They were also expected to achieve both control and change. And the commission's remit to promote effectiveness meant that its scope became very broad indeed.

However, at least in theory, its authority was clear: it was legal-rational, dependent on specific expertise, political independence and objective judgement as well as upon its legal status and powers.

The Special Studies and Management Practice Directorates introduced new specialist knowledge into the commission's work: the quantitative analytic skills of operational researchers, economists, statisticians and management consultants. The staff in these directorates used extensive networking and intensive, critical collaboration with the field to define and prescribe good managerial practice and performance criteria. The commission succeeded in overcoming local government suspicions and established a strong reputation for careful research, useful analysis and independence. Its reports were readable, gave clear advice and forthright criticism of both central and local government.

Special studies teams developed tightly structured methods. National, fieldwork-based studies were converted into Audit Guides. These contained evaluative criteria, models for practice or technical guidance and were used in the annual local audit exercises. Their impacts were followed through nationally and locally. The implementation model was similar to that described by Elmore as 'forward mapping' (Elmore 1981). In this model, it is assumed that as long as objectives are clearly established from the top or the centre and their implications for each level of the implementation system carefully worked out, they can be achieved.

The commission was, on the face of it, a model of the technical-rational approach to public management which was espoused in government's initial programmes for change in the public sector (Rayner scrutinies, MINIS, and the Efficiency Unit). The research shows how the special studies were framed by the commission's insistence that its role was to enable local authorities to achieve their own goals more economically, efficiently and effectively. In so far as it concerned itself with values, they were instrumental. Policy was not the commission's concern, nor could it intervene in areas of professional expertise.

The commission's *modus operandi* was, however, more complex. The case study illustrated the dualities inherent in its special studies and the problems of clearly distinguishing between instrumental and political evaluation. Special studies were designed to evaluate and to generate change. They had national and local dimensions and addressed both strategic and operational issues. The commission wanted both to make a political impact (in this case to persuade local authority politicians to change their policies in the light of falling school rolls) and to offer technical evaluation and advice to improve local authority management (e.g. an activity led staffing model). The commission's teams deployed the skills of argument and persuasion as well as those of analysis. They were perceived by those evaluated as carrying the external authority of an independent body but at the same time contributing to a local authority's policy system that could be used to achieve internal goals.

As the commission gained the confidence of local government, it openly abandoned its stance of value neutrality and some of its reticence about trespassing on professional territory. Thus, the special studies team that produced *Towards Better Management of Secondary Education*, despite exposing the poverty of professional thinking about criteria and measurements of effectiveness in the education field, had been reluctant to tackle such issues. However, when the commission undertook a special study of services for people with a mental handicap (Audit Commission 1987; 1988a; 1989a), it received positive encouragement from the professional managers of personal social services to develop relevant criteria and measures of effectiveness.

At the same time as it entered the domain of the professionals, the Management Practice Directorate of the commission had begun to develop a quite different mode of analysis in its use of performance indicators as part of its work on performance review. Its first guide to local authorities was published in 1986. It was cautious about performance measurement, in particular stressing the limits of quantitative analysis: 'the art in assessing performance lies in knowing when to allow political and professional judgement to extend, or counter, the objective measures available' (Audit Commission 1986b). It offered only a few performance indicators in the fields of local authority activity normally dependent on soft forms of knowledge. And it defined effectiveness in terms of authorities' success in achieving their own objectives.

By 1988 it was bolder. It showed that it was prepared to use specialist literature in education and personal social services to make normative statements about service philosophies, policies and standards and to identify measures of performance. It stopped short of making any efforts to offer performance indicators in the more established professional fields of law, engineering and architecture. But it made it clear that it regarded the management-professional boundary in education and personal social services as far more permeable (Audit Commission 1988c).

The commission's move to give explicit support to central policies coincided with the government's third term of office and determination to shift the public sector more decisively towards the norms and mechanisms of the market. The local authorities included in our case study, together with key members of the wider education policy community, thought that *Towards Better Management of Secondary Education* had been overtaken by this shift. Some considered that the commission's own principles of rational planning and management had been undermined by it and that it would be forced to confront the government on this issue in order to maintain its credibility.

But the commission, while criticizing the government on some specific elements of the Education Reform Act, gave a general welcome to policies that exposed local government to market forces and the introduction of competition into the public sector (Audit Commission 1988b and 1989b).

Until that time the commission had involved itself in policy issues in differing degrees. Most commonly, it took for granted some policy statements or targets from central government departments as providing the best guidance on the policy framework within which local authorities would have to operate: for example,

targets for the number of school places to be taken out of the system. In *Managing the Crisis in Council Housing* (1986a) the commission went further and commented on desirable rent levels and rent structures, an issue left to local choice by legislation. By assuming that there should be partnerships between the public and the private sector in housing and identifying a range of methods by which this could be implemented, the commission produced recommendations 'many of which have a strong ideological content and have not been proven to be cost effective' (Whitehead 1986).

In the non-teaching costs study (1984c) it had gone further, effectively recommending a curtailment of political involvement in the closure of schools in the interests of more efficient planning and management. In this instance, and there were others, the way in which the commission presented itself as remaining on the right side of the management/policy line was itself a political judgement. The commission converted what had been seen as political questions, for example the source and distribution of resources or processes of decision making, into questions of managerial practice and philosophy, in many ways a fundamental attack on existing policies and politics (Audit Commission 1984c).

The conception of management conveyed by the commission sometimes appeared predominantly instrumental and rationalist. But increasingly its concern came through that management should be anticipatory, willing and able to understand and harness human motivation to engage in experiment and change (e.g. Audit Commission 1984b).

These concerns are consistent with the picture painted by McSweeney (1988) of the Audit Commission in the early years of its work. He argued that the commission was a major force in changing the culture of the public sector. It succeeded, in his view, not so much through the quality of its managerial or planning technologies as through its success in creating or reinforcing a climate of crisis. It achieved this through acting in a political mode of high publicity and a willingness directly to address and, if necessary, attack targets. At the same time, it established a decision frame in which local authorities either pursued the 'three Es' of economy, efficiency and effectiveness, as elaborated by the commission, or faced disaster. Plenty of traces of such a formula can be found in the commission's literature. 'Councils ... face conflicting demands for more and better services, but all at lower or no greater cost to ratepayers. Unless these challenges are tackled effectively, the outlook is bleak: frustrated councils, disillusioned residents and demoralised employees' (Audit Commission 1984b). Similarly, the commission argued that '... the alternative [to establishing a competent system of performance review], at its bleakest is an authority where services are deteriorating, staff are frustrated, the needs of future client groups will not be met, and there is a lack of conviction that local government is worth having' (Audit Commission 1986b).

In pursuing the government's ambition to impose the disciplines of market forces more directly on the public sector, the commission was maintaining the position it had already established in a number of ways. It was developing key policies in line with those of government. It was modelling an organization adapting to and retaining control of a turbulent environment. It encouraged local authorities

not to resist the new policies; rather they should adopt the more flexible and anticipatory styles of management that informed successful companies in the private sector.

The commission could now be said to be contributing to a political culture in which the distinctions between management and politics were being eroded. In our view, its success in doing so was a function both of applying vigorously the skills of technical analysis and its preparedness to grasp nettles that were political as well as instrumental.

Management consultants

The Audit Commission is a permanently established body working within traditions, structures and modes, many of which it has created itself. An entirely different option for government, and one exercised increasingly in the last decade, when evaluating its policies and management is to commission external consultants to carry out specific pieces of work.

Access to multiple and discrete sources of advice was increasingly in demand in the private and public sectors in the 1980s. The combination of economic imperatives, new technologies and fast moving institutional change highlighted the advantages of reducing permanent specialist advisory staff numbers in favour of the flexibility of secondments and consultancies (Peet 1988).

Consultants differ in a number of important respects from other sources of evaluation used by government. They are brought in at the discretion of the department or public body concerned, as and when they are required. Unlike inspectorates or audit bodies they do not have a formal statutory role. They are independent practitioners who enter into a contract with the department concerned to perform a specific assignment.

Their contribution to evaluation in government can therefore be expected to be different from either the mechanisms internal to departments or other formal external mechanisms. But their use raises some issues similar to those addressed in the previous section. As predominantly 'management' consultants their role might be to strengthen technical expertise and instrumental rationality in government or to install managerial perspectives and norms in government and thus change its culture. A study of their work in government throws further light on the feasibility of drawing clear boundaries between management, policy and politics in evaluation and on the relationship between externality, independence of judgement and authority of expertise.

The practice of commissioning management consultants for policy evaluation and other purposes was most commonly justified by reference to their technical skills and expertise. Government departments often lacked such capacity and where they possessed it demand for it outstripped resources. Consultancy enabled departments to obtain external judgements based predominantly on quantitative, financial, commercial, information and communications expertise, but in some cases on more general management experience. And consultants were a flexible resource: departments could select according to specific needs.

Their authority in central government derived from their expertise: either

technical knowledge or managerial skills that could help achieve organizational change. Like the commission, they saw themselves as adopting instrumental values that would fulfil the aims of their clients.

Thus, in theory, they worked within a framework of authority of expertise, value neutrality and institutional independence: they were outsiders who could bring a fresh and objective perspective to the problems of the public sector.

However, in practice, their role in government was not grounded wholly on rationality and impartiality. Consultants were sometimes used for political reasons: to 'park a problem', to divert pressure for action, to legitimate a desired solution, to resolve conflicts of interest or sometimes to generate alternative proposals that would carry authority. The use of consultants gave credibility partly because they came from the private sector. They brought into government values and methods from industry and commerce, and thus endorsed a major underlying objective of ministers.

Whilst they might provide external judgements, there were strong pressures against the independence and objectivity promulgated in the literature on management consultancy. The study highlights the problems of 'speaking truth to power' (Wildavsky 1979). The authority and dynamics of the client-consultant relationship meant that consultants depended heavily on their clients for the success of particular contracts and for continued success in the central government consultancy market. A traditional function of the civil service grapevine is to assess and communicate reputation (Heclo and Wildavsky 1981). It was well able to extend that into appraisal of management consultants.

It was generally agreed that the key to a productive client-consultant relationship was to identify where the power lay in the client organization. While consultants differed on how far they should tailor their advice to the preferences of the senior civil servants who held the power in departments, all recognized that recommendations had ultimately to be acceptable to those civil servants if they were to be implemented. Some consultants felt their recommendations must stand or fall by the rigour of their analysis; others felt that negotiation was the key factor in achieving implementation. Their attitudes were partly linked with the nature of their expertise and the assignments for which they were commissioned.

In the client-consultant relationship, evaluation is firmly linked to existing power relationships. It is most plausibly understood as convincing as much by persuasion, argument and negotiation as by analysis (cf. House 1980). The main dynamic that emerges here is that between senior civil servants and consultants. There is some evidence in the study that civil servants were persuaded that managerial perspectives had something to offer them and some began to define their work in terms of good management.

Civil servants and management consultants provided the strongest example of exchange relationships. Civil servants undoubtedly needed the help of management consultants. Their numbers had been reduced by a 'heroic' government (Kogan 1987) which also required them to enforce changes of policy. They were pressed to recruit consultant help but they aimed to cede the minimum of power in so doing. They were helped in that objective by the needs of the consultants themselves

who were in a competitive market, at least for the prize consultancies, and could not risk alienating the civil servants.

However, an important implication of the study is that the use of consultancy strengthens central government's *a priori* judgements of issues against the influence of, for example, actors in the field. Reflexiveness or interaction and the development of ideas between central government and the field gives way to reflexiveness between central government and their consultants, as this form of evaluation takes hold.

The Social Services Inspectorate

The Audit Commission and the use of management consultants in central government both operated in theory within highly coherent models of authority based on independence, objectivity, value neutrality and technical expertise. However, in practice, these models were likely to break down so that the lines between technical or instrumental evaluation and political evaluation became blurred. In contrast, the authority and knowledge bases of the SSI were ambiguous and uncertain. SSI's two major sources of authority, that of government and that of a profession with its own self-regulated values and knowledge, did not sit easily together. The claims of its component occupational group, social workers, to professional status had long been heavily challenged, by social workers themselves, as well as by outsiders. Social workers' aspirations to a widely recognized, coherent body of specialist knowledge had never been realized. Meanwhile, the concept of professional authority was itself under more general attack, not least from government.

During the period of study, the SSI was conscientiously an institution in transition, attempting to be true to its professional creeds, whilst building up new forms of expertise that would help it meet the mandates of the new 'Evaluative State' (Neave 1988).

The SSI's predecessor body, the Social Work Service (SWS), was a professional social work service advisory to central, and also local, government. It was based on notions of mutual learning, consent, negotiation and a concept of the central-local government relationship as one of partnership. Its mode of evaluation was 'connoisseurial' (Rossi 1982): professionals brought to bear their own professional knowledge, values and judgement upon their work. And despite the authority of government behind the service, the pattern of authority relationships was predominantly that of peer review.

In 1985, the SWS was newly designated the SSI and given a fresh mandate. Unlike the Audit Commission, it was not given a new institutional structure or status and its authority bases were little changed. It was not created by law: its existence and functions were dependent on the administrative decisions of the secretary of state. Its workforce remained substantially unchanged.

The SSI retained three essential characteristics: it was a service for ministers and the department; it was a professional organization; and it acted as an intermediary body between the Department and the local authorities and other providing agencies. But its authority relationships and orientation were to change. The SSI

was to be more strongly aligned with central government and to become more interventionist. It was to 'assist local authorities to obtain value for money through the efficient and economic use of resources' (PQ620/1984/85). This task would be reconciled with its professional identity through the formula that it would 'help to secure the most efficient use of professional and other resources, normally by identifying good practice and spreading knowledge about it'. But it would achieve this, at least in part, by improving management in the personal social services (SSI 1987).

SSI's primary source of authority was seen by the majority of the directorate and senior staff as its professional values and expertise. But there were differences of view within this group and our research showed that, with important exceptions, professional authority was not widely ascribed to the inspectorate. Authority was more frequently thought to derive from SSI's location in government, from its delegated statutory powers and from technical expertise or strictly limited areas of knowledge. For example, senior staff in secure units for children and young people regarded themselves as the experts in a highly specialized form of residential care. Some disputed the professional practice norms advocated by inspectors and accepted them reluctantly. They felt they had little option ('in a dispute the SSI always wins' said one respondent), not because of the professional authority of the SSI but because they had the authority of government and the ultimate sanction to close units behind them. Inspectors' detailed knowledge of safety regulations and changing types of safety devices was, however, generally acknowledged and their authority to ensure compliance with the law welcomed.

During the period of our study, social work knowledge continued to dominate in inspections, despite its ambiguities, its unconcealed susceptibility to ideological influence and its failure to carry conviction with many leading figures in the field, who increasingly wanted managerial advice. However, the SSI sought to enhance its authority and usefulness to central and local government by extending its knowledge base. The convention of recruiting staff with social work qualifications was largely retained. But new recruits also possessed substantial managerial experience in local authorities and their concept of professional practice had been shaped by local authority structures and demands.

SSI also recruited two social scientists. Their task was to strengthen the inspectorate's analytic base, so that it could contribute to systems analysis and policy analysis and give inspections more methodological credibility. Quantitative analysis and performance measures began to find a place in inspections. Notably, a series of inspections of home care services included comparative analyses of staff resources, costs, intensity and cover of service (e.g. SSI 1989a). Experimental rating scales were produced for family centres and youth treatment centres. Performance indicators were developed to measure the adequacy of health care arrangements in old people's homes (SSI 1988a). Evaluative criteria and methods were made more explicit; significantly, there was an attempt to separate fact and value in methods of inquiry.

The SSI thus began to persuade local authority managers that it could meet their needs for standards and norms against which to measure the performance of their

services. And while inspectors did not develop the kinds of prescriptive models of practice that were to be found in reports of the Audit Commission, they demonstrated willingness to give clearer leads on the management of personal social services and decisive responses to ministers wanting action on services in crisis or difficulty.

At the same time, the SSI struggled to maintain its professional identity and commitment to evaluation at the point of service delivery, although, in doing so, it ran the risk of succumbing to overload and irreconcilability of values, knowledge traditions, functions and audiences. For example, it introduced the language of objective measurement, input, output and outcome into the evaluation of quality of care, alongside that of process and subjective experience. Underpinning these two approaches are radically different views about the nature of social action and about knowledge of the social world, one using the language of cause and effect and generalizable laws of behaviour, the other that of meaning and motivation and shared or conflicting norms and beliefs.

Thus the inspectorate was establishing an authority base that continued to lack coherence. However, it undoubtedly increased its authority in local and central government as it grew into its new status. It achieved this by incorporating social science into its knowledge base, by shifting its values towards managerial priorities and by identifying itself with a more interventionist central government.

EVALUATION AND THE AUTHORITY OF CENTRAL GOVERNMENT

The analysis so far calls into question some assumptions about the relationship between independence and authority. The Audit Commission undoubtedly strengthened its authority in local government by its readiness to criticize central government as well as local authorities. However, it did so within the framework of commitment to the dominant ideology. Management consultants were certainly external to government but their independence was limited by their need to succeed in a market substantially controlled by civil servants. The SSI strengthened its authority in the field by embracing more explicitly than previously the delegated authority of government, and by incorporating government's value priorities in its work, not by any increased success in asserting the authority of a self-regulating profession.

The overall implication is that the authority of central government was strengthened. That impression is reinforced by a closer examination of the activities of two of the evaluative bodies. Both the Audit Commission and the SSI devoted substantial resources to national frameworks for evaluating local authority performance. These frameworks included the commission's local authority profiles, the work of both bodies on indicators (Audit Commission 1986; 1988; SSI 1988b) as well as particular inspections and special studies. Although both the commission and the SSI stressed the interrogative function of indicators for authorities themselves, they provided a framework for comparing the allocation and use of resources by authorities. The Audit Commission special studies involved all local authorities. Their aims were to establish criteria against which all would be assessed and to ensure they were consistently applied by local auditors. Some studies

produced clear performance yardsticks or targets; others developed models for the management of resources.

The SSI's *Mission Statement* (SSI 1987) affirmed its responsibility to develop evaluative methodology and by 1989 it was well on its way to doing so. The aims of inspections were becoming clearer: some were being replicated in different parts of the country. Others provided instruments that local inspectors could use in, for example, the evaluation of residential care for elderly people (SSI 1989b). In areas of work where there was substantial consensus, the SSI was beginning to set and reinforce national standards. Both the commission and the SSI could be said to be helping government in its mission to reverse trends towards pluralism and to establish stronger authority in the public sector.

However, that is not to say that the increased authority derived from evaluation was simply imposed from the centre. Both the Audit Commission and the SSI exploited the knowledge of those in the field and had formal and informal mechanisms for discovering their needs and priorities. These mechanisms were crucial, reinforcing the authority the evaluators could expect to carry. Both the choice of targets for evaluation and the knowledge purveyed in the process must be salient (cf. Webb and Wistow 1982).

The commission maximized the salience of their special studies in a number of ways. First, their work was unequivocally directed to management. Second, their choice of subjects was made only after extensive external and internal consultation. Their networks included key members of the relevant policy communities and they made judicious use of consultancies with high level staff in the relevant fields or academics with specialist knowledge. They thus maximized their chances of obtaining up-to-date knowledge of the needs of the field and the most promising solutions being developed in it. They then used a combination of technical analysis, political argument and marketing techniques in their national reports to persuade authorities of the value of their findings.

The SSI also cultivated extensive networks with the field and their annual programme of inspections was planned in a steering group comprising representatives of the Department of Health and the local authorities. However, they spread their resources far more thinly. Their 1989 programme comprised 29 inspections. The Audit Commission normally mounted three local authority special studies each year. Moreover, the fact that almost all inspectors had had long experience in the field did not necessarily ensure the salience of their knowledge. Experiential knowledge, though valued in the field, quickly grows cold. Moreover, it is likely to be more limited than the range of work required of most individual inspectors. Inspections often covered issues of management, policies and practice. An inspector in the community homes inspection was highly praised by residential care staff for her deep knowledge of their practice. But managers felt its salience was limited: the population of residential homes had changed and the thrust of their policies was towards keeping children out of residential care. Finally, the SSI's reports were innocent of political or marketing techniques of presentation, even if their style and focus noticeably sharpened during the inspectorate's first five years.

Salience was a necessary but not sufficient condition of significant change. Our

research, not only in this study but also in a recent study of the Health Advisory Service (Henkel *et al.* 1989), suggested that a combination of factors was required. There must be an internal 'champion' of change (*ibid.*), with the authority to initiate and sustain the process. In the examples of change identified in this research, that person or group had their own vision of what was required and worked collaboratively to achieve it with local auditors or an SSI inspector. The special study of the management of secondary education was the occasion of major strategic exercises for two authorities. In neither case did the authorities concerned make much direct use of the auditors' detailed advice. Rather the special study provided the political momentum for action. In the SSI case, the knowledge and values of the inspector were important. Unusually, she was accorded professional authority by a manager of a secure unit and by the senior management group in the local authority. All wanted to install professional norms in a setting where the authority had experienced a period of turbulence and standards had fallen. However, significant change was being achieved in only one unit, whose head shared the values of the inspector and a relationship of mutual trust had been established.

Consultants' influence on implementation depended on their power to persuade through the force of their analysis, the strength of other pressures on civil servants, particularly from ministers, the degree of need for technical or specialist expertise which civil servants lacked and their motivation for obtaining it. The study showed that while theoretically there was no problem about salience – departments selected the topics on which they commissioned consultancies – motivations for selection were mixed.

However, ultimately, although the civil servants held the balance of power in their relationships with consultants, the terms of exchange were quite even. By 1990, changes in the workings of the policy system were occurring: negotiation between civil servants and consultants under pressure from ministers had resulted in the incorporation of external advice. This change happened because civil servants found that consultants could meet their needs and because they had sufficient power over resources and cognitive command over their territory to structure and mediate the consultants' advice.

CONVERGENCE BETWEEN EVALUATIVE BODIES

The three sets of evaluative bodies in this study had characteristics that ensured they remained quite distinct from each other. However, there was a convergence of values, knowledge bases and interests. Between them, they had embarked by the end of the 1980s on the development of evaluative methodologies and instruments for use by others as well as by themselves. The profession-based body, the SSI, had extended its span of interest to include management structures and resource allocation. The Audit Commission had conducted studies of the impact of services on users and, as it increasingly engaged issues of effectiveness, it began to explore the definition and evaluation of quality. All three increasingly concerned themselves with the impacts of their own work. They saw themselves not simply as advisers, auditors or monitors but also as promoters of change.

There was convergence upon evaluative criteria based on management conceptions of public sector requirements, the values of economy, efficiency, effectiveness and performance. More civil servants across the range of government departments construed their needs for advice in managerial terms. The SSI accepted that quality of care and services must be defined within the framework of limited resources.

All evaluative bodies sought to diversify their expertise. But while both the Audit Commission and management consultants began to recruit the help of professionals and academic experts in specific fields of service, the concern of the SSI to enhance its quantitative analytic capacity and to articulate criteria in measurable terms was even more evident. Thus, in the SSI, the language of microeconomics competed with that of social work and humanistic social science to define and evaluate the quality of care. The shift towards quantitative knowledge reinforced drives for certainty, for clear priorities and for conceptualizing performance in terms of tangible outcome.

Such convergence could be seen partly as a functional response to change: new technologies, new awareness of the scarcity of resources and limits to growth and changing demands from the field as well as from government. But the study suggested that in some cases convergence created duplication and role confusion (a point elucidated in a contemporaneous study by Day and Klein (1990) and by Carter, *this issue*). It threatened to leave untouched some of the more intractable problems of service delivery and their consequences for service users and staff at the bottom of managerial hierarchies. Evaluative bodies emerge as not simply instruments of policy working within clearly demarcated fields of operation, but as human organizations competing for power in a market within boundaries that were not predetermined. Government wanted evaluation but, as evaluative bodies multiplied and enlarged their sources of expertise, it could increasingly be selective. Evaluative bodies could not assume that they could all prosper or even survive.

The pressure of competition bore most heavily on management consultants. But the study of the SSI demonstrated how that body started out from a position of relative weakness in government and felt under pressure to show it could deliver effective evaluation. It elected to do so on a number of fronts including using some of its own scarce resources to develop a package of key indicators for the personal social services. Undoubtedly, the SSI was responding to the need for a better data base for planning and policy analysis in the field but at the same time it was demonstrating to government that it had a technical as well as a professional capacity. As a result, it was moving into territory that more obviously belonged to the Audit Commission. But the commission, too, could be seen to be doing something similar, as it tackled issues of effectiveness and, in its own work on performance indicators, moved into professional territory.

CONCLUSIONS

What conclusions can be drawn from this study? First, evaluation can be used either to strengthen the authority of those who are evaluating or those who are being evaluated. The three evaluative bodies examined here all, to differing degrees, enhanced their own influence. At the same time, they reinforced two major

government goals: strengthening its own authority and establishing accountable management as the key to a more effective public sector. They helped to reframe the norms of civil servants and local government but also incorporated many of their perceptions and knowledge in their evaluations and recommendations. The shift from professionalism to managerialism, evinced in all three bodies, including the SSI, reflected changes in attitudes to professional authority in the field, as well as in government itself (Young 1989).

Second, the research demonstrated a resurrection of positivism in the knowledge used by public authorities, a reversal of the trends of the 1960s and 1970s. The positivist approach reinforced the shift of power to the centre. However, the research also provided further support for the critics of positivism. The distinction between fact and value and between technical expertise and political argument was not sustained in practice. And the links between independence, specialist knowledge, objective judgement and authority were shown in fact to be weak.

But there are connections between the types of knowledge used and the authority and power to which each of the evaluative institutions aspired. When knowledge is bounded within hard technical formats it both generates, and succeeds in gaining, more authority. Where it preserves openness and permeability, perhaps at the expense of clarity and economy of thought, it may sustain the support of practitioners whilst losing power within the political and managerial systems.

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REVIEWS

THE NHS UNDER NEW MANAGEMENT

Philip Strong and Jane Robinson

Open University Press, 1990. 206pp. £27.50 (cloth), £10.99 (paper)

Down the tatty corridors of the NHS, new and dedicated heroes would stride – the general managers. Inspired by their leadership a new sort of staff would arise. Armed with better information and new techniques from the private sector, much more closely monitored yet working as a team, they would at last take collective pride in their work – and responsibility for it (p. 3).

Though these are the authors' words, rather than those of the respondents to this ethnographic study, they serve well enough to capture the manner in which the general management reforms (resulting from the Griffiths report of 1983) were marketed within the national health service. The majority of the text consists of direct quotation from 140 formal interviews, or from meetings and seminars observed by the researchers, between 1986 and 1987. The speakers are managers, or others involved in management, and there is no view from, as it were, the opposition. Nevertheless, the material is well chosen and well presented, making for an extremely readable book. In reviewing it, it is difficult to resist the temptation of quoting some of the 'best' quotations, and this reviewer has not tried very hard.

The problems which general management was seen to address: doctors went their own way whilst nurses were slavishly subordinate (problems which were reinforced by educational arrangements) and medical and nursing managers were of poor quality.

I recently did a report for a health authority and they refused to officially accept the data on surgeons' workload as they said it would be too hard to handle! (p. 33).

Most nurses come in with a do-gooding personality. The trouble is, they don't ask too many questions (p. 39).

A... consultant said that he used to be able to endoscope only a couple of patients in a morning. Now he's got better he can do six! So now he's endoscoping everybody (p. 42).

All three [community physicians] are absolutely ghastly... I asked about population increases... and epidemiological trends and they just didn't know (p. 51).

[Nurse managers would] hardly make fighter-pilots would they? (p. 57).

Most respondents agreed with the Griffiths diagnosis and prescription.

Griffiths is the best thing since sliced bread! (p. 66).

... can sub-unit nurses be managed by non-nurses? I'm trying to stop the parallelism of the NHS tribes (p. 75).

It turned out that [Roy Griffiths] had just six measures on that piece of paper and from

those he could tell what the state of Sainsbury's health had been the day before (p. 81).

Are people treated like individuals? Why should the NHS worry about this? ... *In Search of Excellence* is a book we all turn to (p. 88).

At the end of the study, though, achievement had not caught up with aspirations; the immediacy of politics, the necessity for economy rather than efficiency or cost-effectiveness, the difficulty in removing doctors, and the inappropriateness of certain commercial concepts were amongst the chief obstacles.

You build your plan and the sands shift under you (p. 152).

We need £12.2 million just to put the backlog of maintenance [in this district] right. Everywhere you touch in the NHS has got financial problems. Everywhere it's a scandal (p. 157).

Dr Maclean has been suspended for two years. It was a dreadful case. If it had been a nurse she'd have gone immediately (p. 163).

It [management budgeting] was all dreamed up by an accountant from a biscuit factory (p. 168).

Strong's and Robinson's findings are consistent with those of other studies and therefore raise serious questions about a number of the foundations upon which subsequent NHS reforms are constructed: the authors address this in their last chapter.

If the bulk of the book is lively and informative, its serious shortcoming is its rather casual analysis. It is almost as if the authors have intentionally restricted the depth of their analysis to what their respondents might have offered. Thus, there is no conclusion in the sense of an attempt to draw together the findings, and the authors' own overview (chapter 2) of the history and background is tendentious and sometimes inaccurate. For whom was lack of managerial power a 'core problem' (p. 22)? On whose part was general management 'deliberately anti-professional' (p. 24)? And the choice of Roy Griffiths to devise the reforms was only 'significant' (p. 23) with hindsight: in fact, it was almost accidental.

Stephen Harrison
University of Leeds

BRIDGING THE GAP: SECONDMENTS BETWEEN GOVERNMENT AND BUSINESS

Rosemary Gosling and Sandra Nutley

RIPA, 1990. 92pp. £6.95

Bridging the Gap succeeds on three levels – as an efficiency scrutiny usable for instant improvements; a guide to medium-term developments a sensible reforming government might wish to make; and as a long-term treasure trove for future scholars trying to make sense of Whitehall administration in the late 1980s.

Let me explain. The first is a self-evident truth? Why? Because the Office of the Minister for the Civil Service accepted the report's suggested refinements to the existing Bridge Programme the day it was published in the summer of 1990 (at its launch party to be precise); a rare and impressive tribute which is to the great credit of Rosemary Gosling and Sandra Nutley.

In future, the growing number of secondees in the two-way flow from Whitehall to business and vice-versa will be better targeted, the jobs they will fill will be more substantial and the predominance of traffic in the south-east will be altered and dispersed, the whole

scheme being run and co-ordinated at each end by a more experienced class of person. That's the plan anyway. If it doesn't happen, it will be Whitehall's fault not the RIPA's or Mesdames Gosling and Nutley.

If a future government wanted to build on the existing Bridge Programme and make interchange at some point in their career the norm for its senior people (and not just between the civil service and industry or the City – why not with universities, trade unions, Parliament or even pressure groups?), *Bridging the Gap* could make sure that the foreseeable snags are foreseen and coped with. A sensible government would want this. All sides would gain with prejudices lowered and skills raised.

Finally, to the treasure trove. The report is packed with Heclio and Wildavsky-style gems from travellers in the two-way street. As raw material for a cultural study it's terrific. Some of it, however, made for depressing reading, especially when secondees returned to Whitehall and dreary old business-as-usual: 'I've had to readjust to working in an office all day and battling with the in-tray and short-term emergencies. It has proved to be a culture shock!'

Bridging the Gap will be remembered, too, for its witty categorization of the three types of Whitehall secondees: the 'parrots', usually top-level officials who sit on the shoulder of another top person in their host organization; the 'ferrets', officials deemed to be 'spies' placed there by a department to keep an eye on a particular scheme or initiative; and 'worker bees' who are given a job to do and simply get on with it.

Peter Hennessy

HALDANE ESSAY COMPETITION 1990: JUDGES' REPORT

A successful essay, in our opinion, is a synthesis of four overlapping elements in order to make up an original and thoughtful contribution to the topic under discussion. Those elements are the extent to which the essay:

- is able to go beyond a superficial treatment and to demonstrate an in-depth understanding of the problem studied
- brings an element of freshness and novelty to its treatment of its subject
- shows an adequate awareness of the background to the subject, in terms of previous investigations or alternative methods of handling a problem
- presents a convincing argument or evidence.

In addition, we believe that an essay's merit depends on the extent to which it is well written, in the sense both of good writing style and of thematic coherence. An essay needs to demonstrate a unity of argument, avoiding the sort of disjointedness which may be acceptable in a report or memorandum.

All but a very few of the eleven entries which we received had real merit in at least one of these dimensions. The topics covered and the provenance of the essays were highly varied, ranging from assessments of a public service system as a whole, through thematic issues such as public service managerialism to fairly specific topics. Many essays identified a real problem and offered a thoughtful discussion of it. We particularly welcomed entries from developing countries, some of which showed insights into distinctive problems of administration and management which arise in that context. We are convinced that there are a great many potential von Steins and von Hagens in the developing world, and we see the Haldane essay competition as a valuable opportunity for them to develop their

ideas. More generally, we think that the thought and work involved in a serious entry is of great value to the personal and professional development of all those who submitted entries, for two reasons. One is that a profession (rather than a craft) requires that its members contribute to the cumulation of knowledge in their field by writing and study about it. The other is that the capacity to undertake serious and detached analysis becomes of increasing importance as public servants rise in rank. The Civil Service College and other institutions involved in professional development ought to give greater attention to the Haldane essay competition as an opportunity for career development.

Many of the entries showed up the difficulty of achieving excellence in all of the criteria which we mentioned above. Not all of them were 'essays' in a strict sense. Disjointedness was a common fault, and many essays did not demonstrate any awareness of what was already known or written about the chosen topic.

Three essays deserved commendation, in our judgement. These were 'Disentangling the Purposes of Staff Appraisal' by 'Pheidippides'; 'A Sense of Direction' by 'Michael Clark'; and 'Rules for Routine Work in the Civil Service' by 'Anna Rondeau'. Pheidippides' essay was a tightly written discussion of a clearly defined topic, with a useful comparative element. Michael Clark's essay included an exceptionally imaginative 'scenario' of possible IT development in PINS which is exactly the kind of 'zero-base' thinking about methods of service delivery that the 'Next Steps' programme was intended to encourage. Anna Rondeau's essay made a convincing case for greater attention to 'front-line' problems in administration and is well worth developing. We recommend they each receive a prize of £50.

One essay stood out as an exceptional contribution. This was 'Computerization of Social Security: The Way Forward or a Step Backwards?' by 'Marmalade'. The essay was a well-researched major case study which makes a real contribution to an over-discussed and under-researched issue in public administration. 'Marmalade' combined a practical knowledge of the system being discussed with a strong analytic account of the managerial and political decision-making process, and succeeded in drawing out issues of very general application to public management today. If the conclusions are sobering, the argument is robust and deserves attention. We have no hesitation in recommending the award of the Haldane medal and prize of £150 to this essay.

We would like to have seen more entries, both from the UK and overseas. We think that RIPA should consider more careful targeting of publicity for the competition, particularly to overseas centres of public administration; and we think that a substantial increase in the prize money available, probably to be achieved through sponsorship, would better reflect the cost and value of producing a first-class essay in this field.

David Mallen, Christopher Hood

January 1991

MARMALADE – Helen Margetts, until recently Conferences Officer, Fabian Society.

PHEIDIPPIDES – David Wilson, Governor, HM Prison, Rochester, Kent.

MICHAEL CLARK – Jean Brushfield, Principal Planning Inspector, Planning Inspectorate, DoE, Bristol.

ANNA RONDEAU – Anne Still, Excise Officer, HM Customs and Excise, Chelmsford, Essex.

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ENGLISH METROPOLITAN GOVERNMENT SINCE ABOLITION: AN EVALUATION OF THE ABOLITION OF THE ENGLISH METROPOLITAN COUNTY COUNCILS

STEVE LEACH AND CHRIS GAME

The Local Government Act 1985 abolished the Greater London Council (GLC) and the six English metropolitan county councils (MCCs); but it did not abolish the services for which they were responsible. It transferred them: some directly to the lower-tier borough or district councils, others to a variety of joint boards, joint committees, residuary bodies, and special purpose agencies. As a result, there are, in at least some of the former MCC areas, many services still operated wholly or partially on a county-wide basis. The first part of this article compares the contrasting approaches adopted in the six metropolitan areas to the retention or re-creation of county-wide services after abolition. The second part attempts to explain these contrasting approaches: why, for instance, significantly more county-wide institutional arrangements were voluntarily negotiated by the districts in West Yorkshire and Greater Manchester than by those in South Yorkshire and Merseyside.

On 1 April 1986 the Greater London Council (GLC) and the six English metropolitan county councils (MCCs) – Greater Manchester, Merseyside, South Yorkshire, Tyne and Wear, West Midlands, and West Yorkshire – ceased to exist. Created respectively in 1963 and 1972 by Conservative governments, but all Labour-controlled by the early 1980s, these directly elected councils were abolished in accordance with the Local Government Act 1985, arguably the single most controversial piece of legislation of the second Thatcher Administration. Their responsibilities were transferred to various types of successor authorities, including joint boards, joint committees, residuary bodies, 'special purpose' agencies, and, of course, the 32 London boroughs (or 33 with the City of London) and 36 metropolitan district councils. Looking back almost five years later, it can be seen

Steve Leach and Chris Game are respectively Senior Lecturer and Lecturer in the Institute of Local Government Studies at Birmingham University. This article is a revised version of a paper delivered at the Annual Meeting of the American Political Science Association, Washington, DC in September 1988. Both the article and the paper are based substantially on the findings of an INLOGOV (Institute of Local Government Studies) research project, commissioned to study key aspects of the performance of the system of English Metropolitan government both before and after abolition of the Metropolitan County Councils. The project was financed by a West Yorkshire MCC grant awarded in 1984 to a six-member research team from INLOGOV, led by Steve Leach.

as a reorganization which has turned out to be both less and more far-reaching than was envisaged at the time.

CONTINUITY AND COMPLEXITY

The policy derived from the government's post-election White Paper, *Streamlining the Cities*, published in October 1983, which outlined the case for abolition and for the proposed new local government structure. That case rested on the need for economy in public administration and the alleged failure of the upper tier of metropolitan authorities to establish a satisfactory and effective role for themselves. The choice of the term 'streamlining' was an interesting one. Those critical of the government's proposals and suspicious of its motives – a sizable group which included at least one trenchant contributor to this journal (O'Leary 1987) – noted that it could be defined as the act of reducing resistance: air or water resistance in the case of aero- or hydrodynamics, and political resistance in the case of these elected metropolitan councils.

The government's use of the term, however, seemed intended to suggest that what it was engaged in was a comparatively marginal and improving adjustment to an ongoing system, rather than a major restructuring. Of course, there would be new institutional arrangements and relationships; and in some ways the new system would be more complex, as is almost inevitable following an exercise in decentralization. But the boroughs and districts would have their sense of importance and identity reinforced; politicians, officers and public alike would adjust to the new arrangements; and, above all, there would be none of the cataclysmic 'collapse of services', bringing cities 'grinding to a halt', that was forecast by a few of the more extravagant critics of the government's reforms.

Generally speaking, this has indeed proved to be the case, both in London and in the other affected conurbations. The great majority of the services that were provided by the GLC and the MCCs have continued to be provided. All that has happened is that a different range of organizations is now responsible for them (Travers 1990, p. 115; Leach and Davis 1990, p. 4).

That last sentence, however, also contains the key to the alternative view of the abolition exercise. The institutional disruption involved in this reorganization was very much more extensive, and the resulting systems vastly more complex, and also unstable, than would normally be implied by the notion of 'streamlining'.

In London these elaborate new arrangements have merited an invaluable book-length 'users' guide' – *The London Government Handbook* (Hebbert and Travers 1988) – produced by the LSE's Greater London Group. As the authors point out, there are now 'almost 30 different ways of dividing up the Greater London area for administrative purposes' (p. 5). By way of illustration, they list, in an appendix which manages to be at the same time both illuminating and bewildering, the 75 or so bodies that, *in addition* to the 33 London boroughs, were found to be involved in the post-abolition provision of public services in Greater London.

In summary, the Greater London Group conclude, 'reports of the death of London-wide government have been somewhat exaggerated' (p. 91). So, most certainly, have any reports of the death of the *debate* about the future of

London-wide government. And, without wishing in any way to deny the distinctiveness – indeed, the uniqueness – of London, a similar conclusion might be drawn in respect of the abolition of the MCCs.

Three points in particular should be emphasized. First, despite the abolition of the MCCs themselves, there continue to be many services which are operated wholly or partially on a county-wide basis: both those that were statutorily transferred to county-wide joint boards – police, fire and passenger transport – and others that were left to whatever joint arrangements might or might not be agreed by the districts themselves. Secondly, as happened in London, there sprang up following abolition a considerable variety of different forms of voluntary inter-authority co-operation: some involving all districts within a county, and others only a sub-group.

Thirdly, again as in London, the 1986 reorganization has had the effect of destabilizing far more than was apparently intended the country's system of metropolitan and local government. It has served to boost the campaigns (e.g. by the Association of District Councils and the Labour Party) for all-purpose or unitary authorities, and in particular that of the larger shire and Scottish districts to regain their lost status. It has also helped to reopen the debate on the desirability or otherwise of regional government. As a result, there can be few who now expect the current structures to survive even until the end of the decade, no matter what the political complexion of the government at Westminster.

There are, then, definite similarities between the impact of the abolition of the GLC and that of the MCCs. But there is also at least one crucial difference: namely, that there were six MCCs and only the one GLC. Comparisons can therefore be made *across* the six counties, as well as *amongst* the district councils within each of them, in a way that is simply not possible in respect of most services in Greater London. It is these inter-county comparisons that constitute the principal focus of this article, in which we first outline the variety of institutional arrangements that have taken over responsibility for the functions of the abolished MCCs, and secondly put forward some tentative propositions that may help to explain the nature of that variety.

THE LEGISLATIVE FRAMEWORK

As we indicated above, the process of implementing the Conservative manifesto commitment in June 1983 to abolish the GLC and MCCs was set in motion by the publication in October of that year of the White Paper, *Streamlining the Cities*. Abolition would, in the words of the White Paper:

streamline local government in the metropolitan areas. It will remove a source of conflict and tension. It will save money, after some transitional costs. It will also provide a system which is simpler for the public to understand, in that responsibility for virtually all services will rest with a single authority (paras. 1.17–1.19).

This last sentence in particular is a crucial one. For, while it is true that a majority of the *functions* exercised by the MCCs and GLC were to become the responsibility

of the lower tier district and borough councils respectively, a majority of the *expenditure* of the existing upper tier was to be transferred to what were termed 'Statutory Joint Arrangements', and heavy reliance was placed on the new institutions of 'Joint Boards' or 'Joint Committees'. In view of the important role these institutions have come to play in the post-abolition arrangements, it is worth clarifying just what is meant by these terms, and also the distinctions between them, which are in some ways analogous to those distinguishing Royal Commissions and Departmental Committees of Inquiry.

A *joint board* has a clear legal identity in its own right. It is 'a corporate body, created by order of a Minister, and in many cases requiring the approval of Parliament. It has perpetual succession, a common seal, and it can hold land. . . . It has independent financial powers, including the power to borrow, and obtains the money it needs from constituent authorities by means of precepts. The term of office of members of a Joint Board depends on the provision of the Order by which it was established' (Cross 1981, pp. 78-9).

Joint committees, on the other hand, have no corporate status independent of their constituent authorities. They cannot hold property, borrow, or precept, and their expenditures are defrayed among constituent authorities as agreed. Joint committees, therefore, are creatures of the authorities creating them, and both their constitution and powers are controlled by and may be terminated by those constituent authorities.

Traditionally in British local government (see, for example, the Passenger Transport Authorities set up under the Public Transport Act 1968), joint boards have consisted of councillors nominated by the local authorities involved. Once nominated, these councillors could not be recalled until their fixed period of office (usually three years) was over. The power of nomination was in the hands of the controlling administration in each constituent authority. The joint board, once established, was free to set any precept it felt necessary to enable it to carry out its duties. In the case of the joint boards proposed in the government's White Paper, though, each of these principles or conventions was to be, and has in practice been, modified (Flynn and Leach 1984). First, members of joint boards are recallable at will by their nominating authorities, and are intended 'to represent the interests of the whole of their boroughs and districts' (*Streamlining the Cities*, para. 3.2, p. 13). This provision would be expected, of course, to predispose joint board members towards a district-oriented, as opposed to a county-oriented, view of a service.

Secondly, nominations to the joint boards from any district or borough are 'required to reflect as closely as practicable the balance of parties on the nominating authority' (para. 3.2, p. 13). There was to be, in other words, proportional representation. Thirdly, for the boards' first three years of existence they were required to obtain 'approval by the appropriate Secretary of State for their proposed precept levels' (para. 6.6, pp. 22-3).

It is clear, then, that in terms of political *accountability*, government by joint boards is not the same as government by local authorities. Councillors are not elected to joint boards; they are elected to local authorities and then nominated

by those authorities to sit on joint boards. The direct link between manifesto, councillor and electorate is broken, and accountability becomes at best blurred or indirect: not to the electorate, but to the councils by whom the members are appointed and by whom they may be recalled. There exists no process whereby joint authority members of the same political party can, as joint authority members, put before electors a programme of expenditure and action to which they can respond at the ballot box.

In each of the six MCC areas three joint boards were to be established, to run the police authority, the fire service (and eventually civil defence), and passenger transportation. In respect of the other major MCC functions, for which the districts were to take responsibility – land-use planning, highways and traffic management, waste regulation and disposal, trading standards, support for the arts, sport and historic buildings – the White Paper urged some form of co-operative arrangements amongst districts, ‘to preserve the best features of the current [county-wide] system without unnecessary bureaucracy’ (para. 2.3, p. 6). In one instance – waste regulation and disposal – it was proposed that, if effective voluntary co-operative arrangements were not forthcoming, or if the Secretary of State for the Environment was not satisfied as to their effectiveness, s/he should have reserve powers to establish statutory joint arrangements. This mix of ministerial threat and exhortation resulted in various forms of inter-district liaison arrangement or ‘joint committee’ being set up in 1986.

The generally critical response received by the White Paper and the fierce rearguard action fought against the ensuing Abolition Bill have been discussed at some length elsewhere (Chandler 1988, c. 11; Flynn, Leach and Vielba 1985; Forrester, Lansley and Pauley 1985). Suffice it here to say that, while various modifications and relatively minor concessions were made by government ministers – several of which served to increase the number of joint boards and committees and other county-wide arrangements which might operate following abolition (e.g. joint authorities for waste disposal, ‘Section 88’ Research and Intelligence Units) – no actual defeats of major importance or embarrassment were suffered. The final form of the Local Government Bill, enacted in July 1985, did not therefore differ in intention or principle from the form which had its first reading in 1984.

THE SCOPE FOR CHOICE

As we have seen, the way in which certain of the abolished councils’ functions were to be administered was laid down with some precision in the 1985 Act. Thus, *joint boards* for police, fire and passenger transport were to be established in each metropolitan area, with a specified distribution of seats between the constituent districts (based roughly on population), and a specified formula for the allocation of these seats among the political parties in each district (based on proportional representation). On police boards, magistrates appointed by Magistrates Courts Committees – and thus outside the influence of the district councils – fill one-third of the places.

In the case of other services there were statutory minimum standards and arrangements which had to be observed. For example, a failure on the part of

districts to reach *voluntary agreement* on arrangements for dealing with waste disposal which were satisfactory to the Department of the Environment (DoE) would result in the DoE imposing a further statutory joint board, as happened in Merseyside and Greater Manchester (and over much of Greater London). There was also a requirement – though a rather weaker one – that districts appoint a *joint committee* to supervise and co-ordinate certain aspects of the trading standards function.

Regarding certain of the former MCCs' functions, however, the 1985 Act was silent, or it offered, at most, advice and encouragement, leaving a considerable scope for local choice as to the range and pattern of joint arrangements which the districts in a particular metropolitan area could adopt. Thus, as will be seen below in table 1, certain aspects of land-use planning, highways and traffic control have been quite widely viewed as appropriate topics for *voluntary joint arrangements*. Similarly, there are several collective funding schemes to deal with the allocation of grants to bodies concerned with arts, recreation and community projects crossing district boundaries ('Section 48' Joint Committees for Grants to Voluntary Bodies).

Finally, there were the MCCs' various financial functions – computing, debt management, superannuation, etc. – the government's preference here being that these functions be taken over by a *single administering body* in each area, rather than distributed among the separate districts.

In practice, therefore, the area of choice for groups of metropolitan districts as to which services (joint board apart) they continued to operate on a county-wide basis was actually quite large. Three fairly distinct types of response might be envisaged. At one end of the scale it would have been possible in principle within the new legislative framework to set up a county-wide central servicing unit for the three joint boards, to which several other county-wide specialist units could be attached. If such staff were retained in one place – ideally county hall – with continued responsibility for the county computer, there would exist an administrative machinery which could be transformed quickly back into a county council proper, in the event – anticipated by many Labour politicians at the time – of a post 1987/88 change of central government, or central government policy. This might be termed a '*county-oriented*' solution, and was naturally the one favoured by the MCCs themselves.

A second solution would involve keeping together the maximum possible number of staff in county-wide units – specialist or otherwise – employed by 'lead districts' and answerable to joint committees or, where appropriate, joint boards. This option would involve a greater degree of fragmentation than the 'county-oriented' strategy, but it would at least retain significant groupings of county staff which would make feasible a future transition back to metropolitan county government. It would thus be an '*intermediate*' solution.

At the other end of the scale would be a situation in which there was a strong preference for the maximum dispersal of county staff and services to the districts, and only a minimal retention of county-wide specialist units where they were felt to be essential or statutorily unavoidable. The responsibility of such units would

be nominally to comparatively weak joint committees, and more realistically to the lead district concerned. This option would make it relatively difficult to 'recreate' the former county council, and so may be termed the '*district-oriented*' solution.

The major formal arenas in which these decisions about post-abolition arrangements were made were the *co-ordinating (or district joint) committees*. The 1985 Act required the formation of a piece of machinery of this type in each of the metropolitan areas, with representation from constituent districts. Most of these co-ordinating committees had their first meetings in late August 1985, where patterns of permitted attendance (usually three or four councillors per district) and voting (usually one vote per district) were agreed. For major decisions a two-thirds majority was required. Access of county interests to these co-ordinating committees varied considerably, and normally reflected the prevailing quality of county-district relations. In Greater Manchester, for example, they were given full rights of access at member and officer level, although never voting rights. In the West Midlands, by contrast, the county was completely excluded.

In addition to this formal machinery of co-ordination, there were various informal networks, especially at the Labour Party level, which naturally were more active and influential in some instances than in others. There was also the practice in all the metropolitan areas for *ad hoc* groups of leaders and/or officers to come together at particular times to try to reach agreement over crucial issues. Some such informal arrangements were almost indispensable to the effective operation of the formal machinery, and it was in the metropolitan area in which they were least in evidence – Merseyside – that the most difficulties were experienced.

As has already been intimated, the actual patterns of joint arrangements which emerged from these formal and informal negotiations did vary considerably from one ex-MCC area to another, and the dual purpose of the remainder of this article is to outline the nature of these variations and to attempt to construct a pattern of explanation.

RESPONSES TO ABOLITION

For the purposes of this more descriptive section of the article, we have identified and presented in table 1 six linked but distinct 'inter-organizational variables': six sets of ways in which it is possible to compare the differing individual and collective responses of the six groups of metropolitan districts to the choices facing them following the abolition of their respective MCCs. Some of these variables – the scope of voluntary joint arrangements agreed by the districts, their stability, and the effectiveness of the machinery for inter-district co-ordination – can be said to reflect the *degree of practical commitment* on the part of the district councils to county-wide joint arrangements, if not necessarily active enthusiasm for them. Others – the form of servicing, the formality of the co-ordinating machinery, and the basis of the determination of joint board chairmanships – reflect important features of the *style of operation* of the joint arrangements, once established in the different metropolitan areas.

TABLE 1 Post-abolition arrangements in the six former metropolitan county council areas

	GREATER MANCHESTER	MERSEYSIDE
<i>A. SCOPE OF COUNTY-WIDE VOLUNTARY JOINT ARRANGEMENTS</i>		
WASTE REGULATION AND DISPOSAL	Statutory jt. board imposed by minister (excl. Wigan for waste disposal) 0	Statutory jt. board imposed by minister 0
TRADING STANDARDS/ CONSUMER PROTECTION	Indiv. MDCs + jt c'ttee; county-wide scientific services unit 2	Indiv. MDCs + jt c'ttee 1
PLANNING	R and I unit + several specialist units: Countryside Unit, Minerals and Waste Disposal Unit, Tree Bank 4	R and I unit combined with transportation modelling unit; 3-district county-wide Advisory Service; urban traffic control scheme } 4
HIGHWAYS and TRAFFIC	Transportation modelling unit; 3-district highways consortium; jt urban traffic control scheme, etc. 3	
SECTION 48 COLLECTIVE FUNDING SCHEME FOR GRANTS TO VOLUNTARY ORGANIZATIONS	Large scheme; jt. grants c'ttee serviced by AGMA; Grants Unit 5	No s.48 scheme 0
	County Records Office + Archaeological Unit retained (no jt. c'ttee) 1	Minimal 0
(overall score)	(15)	(5)
<i>B. DEGREE OF COMMITMENT TO COUNTY-WIDE JOINT ARRANGEMENTS</i>		
SCOPE OF COUNTY-WIDE VOLUNTARY JOINT ARRANGEMENTS (from section A above)	Extensive	Limited
STABILITY OF JT. ARRANGEMENTS	Moderate	Moderate
INFLUENCE OF CO-ORDINATING COMMITTEE and/or OTHER CO-ORDINATING ARRANGEMENTS	Considerable	Negligible

SOUTH YORKSHIRE		TYNE and WEAR		WEST MIDLANDS		WEST YORKSHIRE	
Indiv. MDCs + purely advisory jt. c'ttee; central hazardous waste unit	1	Indiv. MDCs + jt. c'ttee with some delegated powers; central hazardous waste unit	2	Indiv. MDCs + jt. c'ttee with some delegated powers; co-ordination unit respons. for strategic plg. + hazardous waste monitoring	2	Jt. c'ttee respons. for discharging all waste management functions; county-wide service retained intact	5
Indiv. MDCs + jt. c'ttee; small county-wide unit	1	Indiv. MDCs + jt. c'ttee; joint arrangements for certain functions	1	Indiv. MDCs + jt. c'ttee; small central unit	1	Jt. c'ttee, with county service retained largely intact	5
Minimal; small mining advisory unit	1	R and I combined with transportation modelling unit, urban traffic control scheme; misc. county-wide highways functions (e.g. accident records, Tyne Bridges)	5	R and I unit combined with transportation modelling unit	3	Minimal (discontinued R and I unit)	0
Minimal	0					County-wide highways engineering and Technical Services Unit (HETS)	5
No s.48 scheme	0	Intermediate but declining scheme, co-ordinating c'ttee	2	Small scheme, jt. c'ttee	2	Intermediate scheme; 3 grants jt. c'ttee, serviced by Grants Unit	3
Minimal	0	Archaeology and Building Preservation team retained; county-wide archives service supervised by jt. c'ttee	3	Minimal	0	Archives and Archaeology service retained, under supervision of jt. c'ttee	2
	(3)		(13)		(8)		(20)
Negligible		Moderate		Limited		Extensive	
Moderate		High		Moderate		High, after early fragility	
Strong		Moderate		Moderate		Considerable, but informal	

Table 1 continued

	GREATER MANCHESTER	MERSEYSIDE
C. OPERATIONAL STYLE OF JOINT ARRANGEMENTS		
PREDOMINANT STYLE OF CO-ORDINATING ARRANGEMENTS	Formal	Formal
FORM OF SERVICING OF JOINT BOARDS AND COMMITTEES	Lead Authority	Lead Authority
JOINT BOARD CHAIR/LEAD AUTHORITY LINK	No	Yes, but breaking down
<i>Police Joint Board:</i>	Lead – Salford Chair – Wigan	Lead – Knowsley Chair – Knowsley
<i>Fire and Civil Defence Board</i>	Lead – Wigan Chair – Wigan	Lead – Liverpool Chair – Knowsley
<i>Passenger Transport Board:</i>	Lead – Manchester Chair – Wigan	Lead – Mersey Travel (combines PTA and FTE) Chair – St. Helens
<i>Waste Disposal Board</i>	Lead – Oldham Chair – Tameside	Lead – St. Helens Chair – St. Helens
<i>Pensions Board</i>	Not applicable	Not applicable

Section A of table 1 provides a comparison of the *scope of voluntary joint arrangements agreed* by the six groups of metropolitan districts in six principal service fields. In each of these service fields a points score ranging from 0 to 5 has been assigned, to indicate the extent to which the service has continued to be operated voluntarily on a county-wide basis since abolition. The allocation of the individual scores obviously involves a degree of subjective judgement, but when the scores are totalled, a fairly clear picture emerges. The extent of voluntary county-wide co-operation has undoubtedly been greatest in West Yorkshire, followed by Greater Manchester and Tyne and Wear. It has been significantly less in the West Midlands; less still in Merseyside, where in a whole range of service fields there was a failure to reach any satisfactory inter-district agreement; and almost negligible in South Yorkshire, which has shown the strongest instinctive district orientation in its post-abolition solutions. These rankings, relating to what is the central concern of this article, are then combined in sections B and C of table 1 with the relevant distinctions on the other inter-organizational variables identified.

In relation to the *stability of the joint arrangements*, there are two main factors to take into account: the subsequent disappearance of county-wide units established

SOUTH YORKSHIRE	TYNE and WEAR	WEST MIDLANDS	WEST YORKSHIRE
Mixed	Formal	Formal	Informal
Central servicing unit S. Yorks Jt. Secretariat	Lead Authority	Lead Authority	Lead Authority
Not applicable	Yes	Yes, but breaking down	Yes
Chair – Rotherham	Lead – Gateshead Chair – Gateshead	Lead – Dudley Chair – Dudley	Lead – Wakefield Chair – Wakefield
Chair – Barnsley	Lead – Sunderland Chair – Sunderland	Lead – Sandwell Chair – Sandwell	Lead – part Kirklees part PCDA Chair – Kirklees
Chair – Doncaster	Lead – Newcastle Chair – Newcastle	Lead – Coventry Chair – Wolverhampton	Lead – part Leeds part PTA Chair – Leeds
Not applicable	Not applicable	Not applicable	Not applicable
Chair – Sheffield (since 1988)	Not applicable	Not applicable	Not applicable

at the time of abolition, and the expressed intention of one or more MDCs to opt out of or break away from any of the joint boards as soon as they were statutorily entitled to do so under section 41 (the 'rolling reorganization' provision) of the 1985 Act – i.e. after 1 April 1989.

Somewhat to the surprise of commentators and participants alike, evidence of either of these developments has in fact been fairly sparse. It is certainly true that, in the months immediately following abolition, several joint organizations in several of the MCC areas *felt* their existence to be under threat, in some cases with justification. There was a strong sense in that first post-abolition year that the new voluntary joint arrangements were on trial, and a suspicion on the part of those who had an interest in their continuation that they were seen as necessary short-term political expedients by at least certain district leaders, and that they could collapse almost like the proverbial house of cards if a single district decided to withdraw. In the event, only one county-wide institution actually did break up: West Yorkshire's Research and Intelligence Unit, whose personnel and functions were initially absorbed into Bradford's establishment, until it was finally disbanded altogether under that city's 1988–90 Conservative administration.

Declarations of secessionary intent have from the start been relatively few in

number, and latterly have, if anything, decreased. But it is known, for example, that Bolton, Trafford and Stockport districts all expressed a wish to secede from the Greater Manchester Waste Disposal Authority (Hazardous Waste Inspectorate 1988, p. 43); that in the West Midlands active consideration has been given, both before and since abolition, to the splitting of the county police force; and that more general breakaway sentiments have been voiced by the Conservative groups in the two Merseyside districts of Wirral and Sefton. Probably the chief source of potential instability in the joint board arrangements, however, has been external, rather than internal – particularly in the case of the Passenger Transport Authorities (PTAs), where it has been the Department of Transport that has been promoting the idea of secession, rather than any of the districts themselves (DoT letter to PTAs and MDCs, 22 January 1988).

The *form of servicing* of joint boards and joint committees adopted in five of the six metropolitan areas has followed what has become known as the 'lead authority' model. A 'dispersed' form of servicing, the lead authority principle is that one district or borough is given the responsibility for providing legal, financial and personnel advice in relation to each joint activity, and also the task of drawing up and distributing agendas and minutes for the relevant joint board or committee meetings. The interesting exception – reflecting in this instance less an enthusiasm for county-wide co-ordination than a profound unease on the part of three of the four districts about the possible domination of Sheffield in a lead authority situation – is South Yorkshire. There, a central servicing unit was established in Barnsley, which is responsible for servicing all three original joint boards plus, since 1988, the South Yorkshire Pensions Board (see section C, table 1).

In most cases the actual allocations of lead authority responsibilities were settled initially on an informal basis amongst district leaders at a relatively early stage after Royal Assent. While not entirely a post-abolition innovation, the concept of a lead authority would have been relatively unfamiliar to most of these leaders, as would some of the potential benefits to a district of lead authority status. These benefits might include: technical control of the agenda, and possibly additional leverage in the decision-making of the joint body in question – especially if lead authority status were coupled with the requirement that the joint board chair be a member of the lead authority; relatively stronger communication links and information flows between the lead district and the 'front line' – e.g. the police force, fire brigade, Passenger Transport Executive (PTE); possible additional and exploitable resources, in the form of a policy advisory or Research and Intelligence Unit located within the lead authority to help it carry out its work more effectively; and possible 'spin-off' benefits for other services within the lead district, such as architectural design.

Probably the most sought-after lead authority responsibilities were those relating to highways and passenger transportation. These were policy areas of particular importance to those large city districts situated at the centre of virtually regional transportation networks: Birmingham, Manchester, Liverpool, Newcastle, and, to a somewhat lesser extent, Leeds. As can be seen from section C of table 1, some of these big cities were successful in their attempts to gain lead authority status

on passenger transport boards (and also, in the cases of Manchester and Leeds, on highways joint committees), and with it, they hoped, the means by which to protect and promote their particular interests in these fields. Liverpool preferred to seek lead status on the Merseyside Fire and Civil Defence Joint Board, of which ex-fireman Derek Hatton became chair. By way of contrast, lead authority status on a police joint board, though obviously politically significant, was in some areas seen as an honour to be avoided, especially if there was any possibility of the one-third magistrate members holding the balance of power.

The distribution of these lead authority responsibilities amongst the districts in each MCC area depended mainly on the nature of the political network involved. In an area of Labour monopoly like Tyne and Wear, all such decisions, even those requiring unanimity (e.g. superannuation, airports), could in principle be settled *within* the party. In an area of mixed political control, however, the situation was considerably more complicated. Once the co-ordinating committee in such an area had agreed by a two-thirds majority to set up a joint committee, the allocation of lead authority status became in most cases a matter of a simple majority vote, and thus effectively – since all mixed areas in 1985/86 comprised a majority of Labour districts – a decision for the district Labour leaders.

Joint boards, on the other hand, as corporate bodies independent of the district councils, were able to determine their own servicing arrangements. Because of its numerical majority (although not two-thirds dominance) in these mixed network areas, Labour was again in a decisive position on the various fire and passenger transport boards. But on the police joint boards the party was able to be outvoted by a combination of minority party members and the one-third of magistrates. In the West Midlands this was precisely what happened. Labour's nominee as chair of the joint board, Birmingham leader Dick Knowles, was defeated by the minority Conservative candidate, Neville Bosworth, prompting Birmingham's angry withdrawal from its previously agreed position as lead authority, which eventually went to Dudley. In the other three mixed network areas, Labour's nominated lead authorities and chairs were all confirmed, though not always (notably in Greater Manchester) without considerable debate.

It was Greater Manchester, with its relatively large number of ten districts and under mixed political control, that provided perhaps the most interesting example of the sometimes conflicting considerations that might be involved in these lead authority allocations. Manchester itself was regarded instinctively by its neighbouring Labour districts with very much the same suspicion that Sheffield was accorded in South Yorkshire: a potentially dominating regional capital with a distinctly radical, if not extremist, administration. At the same time, it had to be acknowledged, along with Salford and Wigan, as one of the politically safest Labour districts, even in the event of a future revival of Conservative local government fortunes to the levels of the later 1970s. Accordingly, it was these three districts that were entrusted with lead authority status on the three principal joint boards and on several of the joint committees as well, although some of the lesser lead responsibilities were allowed to go to the politically more vulnerable Oldham and Tameside. There was a similar pattern in the West Midlands, where police (initially), fire and

passenger transport went to Birmingham, Sandwell and Coventry respectively, with the more marginal Wolverhampton getting superannuation; also in West Yorkshire, where the three joint board lead authority roles were allotted respectively to Wakefield, Kirklees and Leeds, the three districts that were at the time Labour-controlled.

The main formal machinery for the *overall co-ordination of inter-district and county-wide activities*, both during the preparations for abolition and subsequently, has been, as noted above, the statutorily required co-ordinating (or district joint) committee, preceded as it normally is by a more informal meeting of district council leaders. The potential impact of such a co-ordinating committee was and is considerable. If, for instance, it were to attempt – and be successful in attempting – to exert a strong influence over the policies and expenditure of its joint boards, then it would in effect be acting like a surrogate (albeit indirectly elected) county council, over the full range of county-wide functions in its area. In practice, as was almost inevitable given their very different inter-district political compositions, the influence and effectiveness of these co-ordinating committees, and also their formality, have varied considerably from area to area.

Greater Manchester's co-ordinating committee (now known as AGMA, the Association of Greater Manchester Authorities) has been particularly active, with district council leaders regularly attending its meetings, which receive – and sometimes also discuss – the minutes of the four joint boards and five joint committees – Trading Standards, Planning and Countryside, Highways, Section 48 Grants, and Finance – in much the same way as a council would receive the minutes of its constituent committees. It is also the only co-ordinating committee outside South Yorkshire to have a permanent secretariat – a small unit based at Wigan. It is valued too as a political network – especially by Labour group members who meet together informally and at some length before the, usually rather briefer, AGMA meetings themselves. In South Yorkshire and the West Midlands the co-ordinating committees have also continued to meet regularly, and to play a role in the deliberations over the policies and expenditures of the joint boards. By contrast, in Tyne and Wear, the other area of Labour monopoly, the joint boards have been allowed to operate as arm's length organizations, the more unified political culture of the Labour Party making control mechanisms less of an issue than in Sheffield-dominated South Yorkshire. In West Yorkshire formal meetings of the co-ordinating committee have tended, since abolition, to be supplanted by more informal meetings of district council leaders. Finally, in Merseyside, the area with the poorest record of inter-district co-ordination, formal and informal meetings alike were, for at least the vital 18 months or so surrounding abolition, relatively infrequent and ineffectual.

Our final operational style variable relates to the *determination of joint board chairmanships*, the key distinction here being between those situations in which chairs are required to be elected or selected from among the nominated members of the lead authority, and those in which they are not so required. In most areas a decision in principle was made at an early stage by the district Labour leaders that, primarily for reasons of administrative convenience, there should be a lead authority link. It would be much easier to arrange briefings for a joint board chair from the board's clerk and treasurer if they were all based in the same lead authority. If, as noted above,

the lead authority had itself been selected partly because of the likelihood of its remaining in Labour control, this linkage would also, of course, help to secure the chair for Labour in the future. At the same time, it can obviously constitute both a practically and politically restricting qualification, and more recently, as can be seen from section C of table 1, it has in at least two areas begun to be breached.

As in the case of the lead authority concept itself, relatively few of those members involved in the early pre-abolition discussions would have been personally familiar with the role of a joint board chair, or fully appreciative of the ways in which it would be likely to differ from that of chair of a county council committee. There are, however, two quite significant differences. The first is the dearth of the kind of informal day-to-day contact among joint board (or joint committee) members which is possible for the less physically dispersed members of a council committee in the corridors or party group rooms of a county hall.

The second difference is the dearth of any substantial policy pressure or guidance coming from the Labour Party's own organizational machinery at metropolitan level – mainly because in four of the six MCC areas it is simply non-operational, while in the other two (South Yorkshire and Greater Manchester) it lacks the sanctions necessary to oblige a joint board or its chair to pursue a particular policy line (Leach 1988b). The former county parties may not in practice have been a great deal more effective, but they at least had a formal constitutional position, and more effective sanctions to deploy (over the reselection of candidates) if they so wished.

Both these sets of factors, therefore, operate to enhance the weight of responsibility and, to an extent, the personal influence of the chairs of joint boards in comparison with their predecessor chairs of county committees. It is they, together with their vice-chairs (and in certain circumstances the chairs of the committees of the joint board), who will meet regularly with the leading officials concerned – the Chief Constable, Chief Fire Officer, PTE management team. For their part, these officials will also know that, if they can get the agreement of the chair and vice-chair to a favoured course of action, it is highly likely to be accepted by the remaining members of the joint board, few of whom will have either the alternative sources of information or the capacity to organize any effective and coherent opposition case.

THE BACKGROUND TO ABOLITION: CONTEXTUAL VARIABLES

In the preceding section of this article we have exemplified some of the ways in which the scope and style of post-abolition arrangements vary significantly from one metropolitan area to another. From a common legislative base there have developed several distinctive and contrasting patterns of implementation. The question we now address is: how might such variations be explained? There seem to be at least three broad types of explanation which could in principle be of relevance: the *spatial or territorial characteristics* of the conurbations concerned, the nature of the *inter-district political networks*, and the *quality of county-district relations* in each area, particularly during the crucial 1985/86 period, immediately prior to abolition taking effect. In table 2 we have endeavoured to identify characteristics or variables under each of these three headings which will permit some comparison of the six former MCC areas.

TABLE 2 Summary of background characteristics and contextual variables

	GREATER MANCHESTER	MERSEYSIDE
<i>A. GENERAL BACKGROUND CHARACTERISTICS</i>		
Population (1985)	2.6 mill.	1.5 mill.
Area ('000 hectares)	129	65
Population density (persons per hectare)	20.2	23.1
Party political control. 1973-77	Lab.	Lab.
1977-81	Cons.	Cons.
1981-86	Lab	Lab.
No. of district councils	10	5
Largest district council: 1985 population (% of MCC total)	Manchester 458,000 (18%)	Liverpool 503,000 (33%)
<i>B. SPATIAL CHARACTERISTICS</i>		
Metropolitan identity	Strong	Strong
Stage at which identified as MCC	Royal Commission	Royal Commission
Boundary tightness/looseness	Tight	Tight
Conurbational form	Polynuclear (?), integrated	Mononuclear, relatively fragmented
<i>C. INTER-DISTRICT POLITICAL NETWORKS</i>		
Party control of districts:		
(a) 1978-79 Lab.-Cons.-Hung	3-7-0 Cons. dominance	2-2-1 Mixed
(b) 1985-86 Lab.-Cons.-Hung	6-2-2 Mixed	3-2-0 Mixed
(c) 1990- Lab -Cons.-Hung.	8-1-1 Lab.dominance	3-0-2 Mixed
Dominant Labour ideology (1985-86)	Traditional-moderate (but 1 or 2 exceptions)	Mixed
Dual/concurrent membership of both MCCs and MDCs, 1985-86	Relatively low	Average
No. of County Councillors who were simultaneously Dist. C'llors	8 out of 106	10 out of 99
Continuity of pol. membership betw MCCs and MDCs, 1985/86-1987/88:	Relatively high	Average
No. of 1985/86 County C'llors who were Dist. C'llors by 1987/88	30 out of 106	20 out of 99
Current district influence of ex-MCC members	Low	Moderate
Influence of Metrop.Lab.Party	High	Low
<i>D. QUALITY OF COUNTY-DISTRICT RELATIONS, 1985-86</i>		
Survival of post-1974 status-loss resentment towards MCC	Patchy	Patchy
District perception of value of MCC services	Relatively positive	Mainly negative

SOUTH YORKSHIRE	TYNE and WEAR	WEST MIDLANDS	WEST YORKSHIRE
1.3 mill	1.1 mill	2.7 mill.	2.1 mill.
156	54	90	204
8.4	21.2	29.5	10.0
Lab.	Lab.	Lab.	Lab.
Lab.	Lab.	Cons	Cons.
Lab.	Lab.	Lab.	Lab.
4	5	7	5
Sheffield 543,000 (42%)	Sunderland 299,000 (27%)	Birmingham 1,013,000 (38%)	Leeds 714,000 (34%)
Weak	Strong on Tyneside	Strong	Moderate
Cons. White Paper	Cons. White Paper	Royal Commission	Lab.White Paper
Loose	Varied	Tight	Varied
Polynuclear, fragmented	Binuclear	Mononuclear, (excl. Coventry)	Polynuclear, integrated
4-0-0	5-0-0	2-4-1	1-4-0
Lab.monopoly	Lab.monopoly	Mixed	Cons.dominance
4-0-0	5-0-0	4-1-2	3-0-2
Lab.monopoly	Lab.monopoly	Mixed	Mixed
4-0-0	5-0-0	6-1-0	5-0-0
Lab monopoly	Lab.monopoly	Lab.dominance	Lab.monopoly
Traditional-moderate (but 1 major exception)	Traditional-moderate	Traditional-moderate	Traditional-moderate
Low	Average	High	Relatively low
5 out of 100	10 out of 104	23 out of 104	7 out of 88
Relatively low	Relatively low	High	Average
15 out of 100	17 out of 104	38 out of 104	21 out of 88
Low	Low	High	Moderate
Low	Low	Low	High
Poor	Distant	Poor	Reasonable
Widespread	Patchy	Widespread	Patchy
Negative	Mixed	Mainly negative	Relatively positive

(1) Spatial or territorial characteristics

Although all six MCC areas were so designated in the 1972 Local Government Act because they were seen as having certain conurbational features in common, it might also be argued that some were more natural or obvious candidates for MCC status than others. The majority recommendation of the 1969 Redcliffe-Maud Royal Commission, for example, which had proposed 58 large single-tier authorities for most of England and Wales, had excepted from this unitary pattern only three conurbations – Greater Manchester, Merseyside, and the West Midlands – where there should be a two-tier structure, modelled on that already in existence in London. The top-tier authorities in these metropolitan areas were to include not only built-up areas, but also surrounding land up to a further distance of 20 or 30 miles (Redcliffe-Maud and Wood 1974, pp. 46ff.).

A fourth of the eventual six MCC areas, West Yorkshire – based on Bradford, Leeds, Halifax, Huddersfield and Wakefield – was added (together with a fifth in South Hampshire, based on Southampton and Portsmouth) in the Labour government's February 1970 White Paper which accepted the commission's proposals in principle. South Yorkshire and Tyne and Wear, however, were only introduced at the stage of the Conservative government's 1971 White Paper, and in neither case was there anything approaching a consensus that they had a genuine *metropolitan identity*, either within the areas themselves or outside them. This Conservative White Paper rejected the Royal Commission's unitary solution, and also tightened very considerably the recommended boundaries of its three proposed MCCs, to ensure the survival of adjacent counties such as Cheshire, Lancashire and Warwickshire.

Partly – although by no means entirely – as a result of these political manoeuvres, the resulting MCC areas varied strikingly in *spatial form* (May *et al.* 1984, pp. 19ff.). West Yorkshire, for example, was the most extensive of the counties (203,900 hectares, compared to Tyne and Wear's 54,000). West Midlands and Greater Manchester were the most populous, both having over 2.5 million residents, compared to Tyne and Wear's 1.14 million. And West Midlands was the most densely inhabited, with more than 29 persons per hectare, compared to South Yorkshire's 8.36 (see table 2).

The characteristics of the MDCs range, if anything, even more widely. South Tyneside's 6,300 hectares, for instance, are little more than a tenth of Doncaster's 58,100 in South Yorkshire, and its population of 160,000 less than one-sixth of Birmingham's one million. Doncaster's density – less than 5 persons per hectare – is barely one-tenth of Liverpool's 45.

Settlement patterns also vary considerably from one metropolitan county area to another. Like Greater London, the West Midlands and Merseyside – significantly, two of the three metropolitan areas originally identified by the Redcliffe-Maud Commission – each have one clearly dominant centre, and can thus be termed 'mononuclear'. The West Midlands districts form a single, continuous built-up area except for Coventry, which is separated from the main conurbation by almost ten miles of countryside and was originally excluded from the proposed Redcliffe-Maud boundary. Merseyside is dominated by the built-up area of Liverpool, but is

more fragmented: Wirral being separated from the main conurbation by the River Mersey, Southport by some ten miles of open country, and St. Helens joined to it only by a narrow ribbon of development. Tyne and Wear both sounds and is 'binuclear', with two distinct built-up areas – Newcastle and Sunderland – based on the Rivers Tyne and Wear respectively. South Yorkshire and West Yorkshire are more appropriately seen as 'polynuclear', South Yorkshire having three major built-up areas – Sheffield/Rotherham, Doncaster and Barnsley – while West Yorkshire's five districts (with the possible exception of Kirklees) each have a single distinct and dominant centre. South Yorkshire's polynuclear conurbation, however, is much less strongly integrated than is West Yorkshire's, two of the former's four districts being relatively detached from the major Sheffield/Rotherham nucleus, whereas West Yorkshire's five nuclei are of a more equivalent status and are more interconnected. Greater Manchester, the third of the original Redcliffe-Maud nominees, is in these terms something of a hybrid. There is a strong central nucleus in Manchester itself, but several of its ten districts – Bolton, Bury, Rochdale, Wigan – are sufficiently physically distinct to qualify as lesser nuclei in our 'conurbational form' categorization in table 2.

The other relevant variable in relation to conurbational form is the *tightness/looseness* with which the different MCC geographical boundaries were eventually drawn. In the three areas originally proposed by Redcliffe-Maud, the 1972 Local Government Act drew relatively tight boundaries, allowing little scope for conurbational expansion. In the other three cases, and particularly in comparatively sparsely populated South Yorkshire, there was a great deal more scope left for expansion.

(2) Inter-district political networks

There are several distinguishable features of the inter-district political networks which have operated in the six MCC areas, both before and since abolition. First, there is the simple variation in the *number of constituent* districts, ranging from four in South Yorkshire to ten in Greater Manchester. Secondly, there are the *patterns of party political control* in those districts, bearing in mind that all six of the MCCs themselves had heavy Labour majorities from 1981 onwards. In the critical period immediately prior to abolition, from July 1985 to May 1986, when the post-abolition institutional arrangements were being hammered out, the key factor is the *extent of Labour dominance* in the different areas.

At one extreme – 'Labour monopoly' – were South Yorkshire and Tyne and Wear, with every single MDC being Labour-controlled, as, incidentally, had been the case even in the 1978–9 period, which represents the most recent nadir in Labour's local government fortunes (see section C, table 2). Next would come situations of 'Labour dominance', in which two-thirds or more of constituent MDCs are Labour-controlled – the two-thirds majority being significant, especially in the run-up to abolition, for voting in the inter-district co-ordinating committees, as described above. There were, as it happens, no areas of 'Labour dominance' thus defined in the 1985–6 period, although in the immediately post-abolition elections of May 1986 Greater Manchester, West Midlands and West Yorkshire all moved

into this position. The former two remain so today, West Yorkshire having in May 1990 become a third 'Labour monopoly', in striking contrast to its 'Conservative dominance' in 1978-9.

At the actual time of abolition, all four MCC areas not under 'Labour monopoly' are best categorized as being under 'mixed control', there being Labour administrations in a majority, but not a two-thirds majority, of the constituent MDCs. It will be seen, however, from the detailed figures in section C of table 2 that the composition of that 'mixed control' varied considerably among the four areas concerned - from West Yorkshire, where the only non-Labour authorities were 'hung', to Merseyside, where two assertively Conservative districts confronted three Labour.

Potentially almost as significant as this purely numerical political measure in explaining negotiated outcomes is what might be termed the '*dominant Labour ideology*' prevailing in the various district and inter-district party organizations. For what 'Labour dominance' or 'Labour control' actually means in practice might range across a spectrum from 'traditional-moderate' - the party's 'ameliorative, pragmatic tradition', as Hilary Wainwright (1987, p. 10) has more graphically characterized it - through 'soft left' to 'hard left', these latter two terms representing a crude but tolerable shorthand for the post-1979 split in Wainwright's contrasting 'transformative, visionary tradition'. In each MCC area it is possible to identify in the key 1985-6 period either a dominant ideological orientation or, in the case of Merseyside in particular, to recognize a mixture of orientations involved.

A similar differentiation of the ideological predispositions of Conservative groups would, of course, be possible, at least in principle. But as there were only five districts under majority Conservative control in 1985-6 (Bury and Trafford in Greater Manchester, Sefton and Wirral in Merseyside, and Solihull in the West Midlands), only two of which survive today (Trafford and Solihull), its inclusion would be of limited value. It is, however, relevant to note that, in modern political parlance, Bury, Trafford and Solihull would have been regarded as rather 'wetter' and more traditionally Conservative than Sefton and particularly Wirral.

A final factor to take into account in considering the nature of inter-district political networks is the personal one: the extent of overlapping or *dual political membership* between the MCCs and their respective MDCs prior to abolition, and the *continuity of membership*, including the *pattern of re-entry* of ex-county councillors on to the MDCs, since then. There were in fact 63 dual members of both a metropolitan county council and of one of its district councils at the time of abolition (10.5 per cent of the population of MCC councillors), which, not surprisingly, is a much lower figure than the 190 (32 per cent) in the mid-1970s, at the start of the life of the MCCs. These 63 dual members were, as can be seen in section C of table 2, very unevenly distributed across the six areas, being markedly more prevalent in the West Midlands than anywhere else - as had been the case ever since 1974, when the county council had had a nearly 60 per cent level of dual membership. Part of the reason for this uneven distribution undoubtedly lies in the differing attitudes taken by the major political parties, nationally and locally, towards the principle of dual membership. Since 1978 the national Labour Party has actively sought to discourage the practice, but some

local parties, who oversee the actual selection of candidates, have been more rigorous in complying with this injunction than have others. Thus, in the great majority of MDCs there were by 1981–2 no Labour dual members, but the exceptions were definitely concentrated in the West Midlands (Coventry, Sandwell, Walsall), the only others being Sunderland in Tyne and Wear, Knowsley in Merseyside, and Bolton in Greater Manchester. The Conservative and former Alliance parties have never publicly taken, let alone sought to impose, any such critical view, and, as a result, a quite disproportionate number of dual members at the time of abolition – and, indeed, most of the best-known ones – were from these opposition parties, rather than from Labour.

Since abolition there have now been four sets of MDC elections, and, while many of the 63 former dual members remain as district councillors, they have been joined by a considerable number of their ex-MCC colleagues, for whom district council membership now offers the principal means by which to continue their political careers. By 1987–8 a total of 141 district councillors were ex-MCC members, which represents 23.5 per cent of all MCC members at the time of abolition. Of these 141, 95 had *not* been dual members in 1985–6, and were largely Labour councillors, while the other 46 were predominantly from the Conservative and Alliance parties. Again, there have been perceptible variations across the MCC areas, with the Greater Manchester districts showing the highest levels of ‘re-entry’ of former county councillors, followed in order by those in the West Midlands, West Yorkshire and Merseyside.

There have been differences too in the *influence* or prominence of these former county councillors in the district councils of which they are now members. In South Yorkshire and Tyne and Wear, for example, not only have relatively few ex-MCC members been elected to district councils since abolition, but those that have been have not tended to occupy leadership positions or other formal positions of prominence – e.g. as chairs of district council committees or joint boards, etc. In the West Midlands, on the other hand, there was a period in 1987 when the chairs of all three joint boards were held by ex-county councillors, as were the chairs of Economic Development (an important, though non-statutory, MCC function) in Dudley and Walsall and the chair of Finance in Birmingham. In Merseyside and West Yorkshire too the chairs of at least one of the joint boards and the leaders of at least one of the district councils were ex-members of their respective MCCs.

(3) Quality of county-district relations

The quality of county-district relations is clearly a further factor of potential significance in explaining the pattern of post-abolition arrangements which resulted from the 1985–6 negotiations. It is, however, one that is very difficult to assess in anything other than impressionistic and adjectival terms – the scale in this instance running from a modest ‘reasonable’ at best to an indisputable ‘poor’ at worst (see section D, table 2).

The residue of the districts’ *anti-county resentment*, which had been so much a feature of the 13-year lives of the MCCs, was still very much present and influential at their death. It was a sentiment which dated back to the nature of the

1972-4 reorganization, and the losses of status and power which the creation of the metropolitan counties had brought for, in particular, the former all-purpose county boroughs, their officers and leading councillors. The feeling was especially strong in the large cities – Birmingham, Leeds, Manchester, Liverpool, Sheffield, Newcastle, Bradford – in which had existed the proudest traditions of ‘city government’. But it was present too even in some of those relatively smaller towns like Bolton, Oldham, Wakefield and Barnsley, which may have gained territory and population, but still lost whole areas of responsibility and a sense of autonomy to the new counties.

The intensity of some of these anti-county attitudes was a principal cause of the tension and conflict which characterized county-district relations, especially in the early years of the MCCs’ existence (see Flynn *et al.* 1985; Clarke 1987). It lessened somewhat after 1981, and at least certain of their respective counties’ policies came to be positively valued by (Labour) district leaders: various economic development initiatives, South Yorkshire’s subsidized bus fares policy, Greater Manchester’s River Valley country park project, Tyne and Wear’s conservation and derelict land teams, etc. It was also gradually, and grudgingly, acknowledged by some districts – most notably in Greater Manchester, West Yorkshire and Merseyside – that there would be problems running a highly interconnected service, such as waste disposal, at any level below that of the county.

Particularly among some of the newer and more radical district leaders there was in addition a political sympathy for the counties’ battle against what were seen as the arbitrary and ideologically motivated abolition proposals of the government. There was, then, a distinguishable party political dimension to the county-district relationship. Where there was some congruence between political outlooks, then support for county-wide services was in principle more likely. Where there was little congruence – for example, a traditional moderate district Labour leadership and a substantially more radical county Labour group – then the longer-standing anti-county attitudes were more likely to persist.

In two of the six MCC areas – South Yorkshire and Tyne and Wear – all the local authorities involved were, as we have seen, Labour-controlled; though this did not in practice serve to produce a particularly close county-district relationship at the political level, and in neither case was a strongly county-oriented solution agreed (see table 1). In both areas, but particularly in South Yorkshire, there had long been a powerful ethos of district self-sufficiency and a scepticism of the need for a metropolitan county authority, which proved a stronger force than any personal sympathy that district members may have felt for their beleaguered county colleagues. In both cases too the county trade unions involved (principally NALGO and NUPE) failed to gain access to the key district politicians and played little effective part in the deliberations (Leach 1987, p. 38).

Merseyside represents almost the reverse of this situation. Here there was a close working relationship between Labour county and district leaders, but it proved impossible to make any headway towards a favoured county-oriented solution, because of the veto power possessed in the co-ordinating committee by the two Conservative-controlled districts (Sefton and Wirral). The repeated failure of these two authorities to support anything proposed by Labour resulted in stalemate over

a wide range of issues, with an extensive list of functions – including super-annuation, debt management, archives and records, urban traffic control, joint purchasing – going in the end neither to an agreed county-wide body nor to the individual districts, but to the ministerially appointed Merseyside Residuary Body.

In the West Midlands the chief executives of the constituent districts began meeting regularly to discuss joint arrangements to replace the metropolitan county council well before the Abolition Bill became law. Following Royal Assent, therefore, a co-ordinating committee was able to be set up quickly, but, significantly, county councillors were not offered seats on it, even with observer status, nor on any of its subject-specific offshoots. In the same vein, county officers were not consulted over the pros and cons of different forms of joint arrangement. Against this backdrop, it is difficult to categorize the county-district relationship during this period as anything other than 'poor' – though on rather differing grounds from those prevailing in South Yorkshire.

It was only, therefore, in Greater Manchester and West Yorkshire that anything approaching a productive county-district relationship could be said to have existed. In both cases there was a consensus – albeit with one or two doubting voices in Greater Manchester – about the reality of the metropolitan region, and the constituent districts showed a reasonable ability to bargain and compromise. In both areas also the county-district political network was a powerful force within the Labour Party, especially in West Yorkshire (Leach 1988b).

SOME EXPLANATORY PROPOSITIONS

In the two preceding sections of this article we have identified and differentiated a variety of types of post-abolition response across the six metropolitan areas and a set of contextual variables which might be expected to have had a contributory influence on those responses. In this section we attempt more explicitly than before to set down some propositions about the way in which specific variables or characteristics might relate to particular types of response. What effects might conurbational form, the nature of inter-district political networks, and the quality of county-district relations be expected to have on the scope, style and stability of post-abolition organizational arrangements? Obviously, with a population of just six cases, these propositions are not presented in any serious sense as testable hypotheses. They should be seen rather as a kind of heuristic device that we have found useful for structuring our material and stimulating thought about the relative significance of different categories of explanatory variables. We have also concentrated here, more exclusively than in our original paper (Game and Leach 1988), on propositions relating to the *overall scope* of county-wide institutional arrangements voluntarily negotiated in the various metropolitan areas, rather than on some of the more technical details of those arrangements.

Proposition 1: metropolitan identity

The more genuinely mononuclear or integrated the conurbation, and/or the tighter its boundaries, the greater will be the scope of county-wide joint arrangements adopted after abolition, and the greater their initial stability.

Proposition 2: county-district relations

The better the quality of county-district relations in the period immediately prior to abolition, the greater will be the scope of county-wide joint arrangements adopted after abolition.

Proposition 3: dual membership

The higher the level of dual membership of both county and district councils in the period immediately prior to abolition, the greater will be the scope of county-wide joint arrangements adopted after abolition.

Proposition 4: continuity of political membership

The more ex-MCC members there are on the district councils of a metropolitan area, and the greater the number of prominent district council posts held by ex-MCC members, the greater will be the stability of county-wide joint arrangements adopted after abolition.

Proposition 5a: Labour monopoly (1)

In an area of Labour monopoly prior to abolition, in which the constituent districts are of broadly similar size and ideological orientation, the scope of county-wide joint arrangements adopted after abolition will be determined mainly by other variables – e.g. conurbational form, quality of county-district relations.

Proposition 5b: Labour monopoly (2)

In an area of Labour monopoly prior to abolition, in which the districts are *not* of broadly similar size and ideological orientation, then the greater those dissimilarities, the narrower will be the scope of county-wide joint arrangements adopted after abolition.

Proposition 6: political heterogeneity

In an area of mixed political control prior to abolition, the more heterogeneous that political mix, the narrower will be the scope of county-wide joint arrangements adopted after abolition, and the greater their initial instability.

SOME INTERPRETATIONS

In this concluding section we examine, in what is inevitably an impressionistic way, the actual post-abolition experience in each of the affected metropolitan areas. In the course of this examination – and from a detailed comparison of tables 1 and 2 – it will become apparent that, while some of the propositions formulated in the previous section are upheld, or at least not disconfirmed, others appear to be more questionable.

As we saw in table 1, the two metropolitan areas to have adopted the most extensive sets of county-wide joint arrangements since abolition are *West Yorkshire* and *Greater Manchester*. Both can be classified as integrated polynuclear in conurbational form – even though the regional dominance of Manchester itself has no equivalent in West Yorkshire. Both, therefore, had at least the territorial preconditions for and a likely openmindedness about county-wide solutions (see proposition 1), which contrast markedly with the entrenched pro-district and anti-county views held in the more fragmented South Yorkshire.

Secondly, and perhaps more importantly, of the six metropolitan areas, West Yorkshire and Greater Manchester were the two to have enjoyed the most 'reasonable' county-district relations prior to abolition. The anti-county resentment deriving from the post-reorganization loss of power and status was less strong than in some of the other MCC areas, and there existed among several of the districts in these counties a regard for the quality of MCC services and some political sympathy for their position. Certainly, they were prepared to allow county politicians and officers (and county unions) to become involved in the detailed negotiations over the future operation of county functions (proposition 2), thereby enabling the county-oriented case to be at the very least seriously considered and discussed.

The clearest contrast here is with the West Midlands, where, despite the area's obvious conurbational identity and essentially mononuclear form, its tightly drawn boundaries, and also the high level of dual political membership in the pre-abolition period, the profound and longstanding antipathy of the county-district relationship was such that county members failed to achieve any representation at all on the co-ordinating committee. The county-oriented case received at most a perfunctory hearing, and almost inevitably the scope of county-wide joint arrangements negotiated was limited.

Thirdly, while both West Yorkshire and Greater Manchester were, at the time of abolition, under mixed political control, the ideological spectrum covered by that party mix was considerably narrower than it was, for instance, in Merseyside, which had two uncompromising Conservative districts prepared to veto anything even supported, let alone initiated by, the country's most notorious hard-left or Militant council, Liverpool. In the terms of proposition 6, the political mix in West Yorkshire in particular – symbolized by the close and co-operative working relationship which then existed between the Conservative and Labour leaders in Bradford, the only district with a non-Labour plurality – was by no means so heterogeneous as to override the other pro-county factors operating in the situation. Essentially the same can be said of Greater Manchester, where, although

Conservative-controlled Trafford and Bury and the hung Rochdale and Stockport quibbled, in various combinations, about particular aspects of the arrangements which the Labour leaders were proposing... the quality of the personal links between the leaders involved, a few judicious compromises, and the recognition in all four of these authorities that there was a strong rational case for the retention of a number of county functions at a county-wide level, resulted in agreement over a wide range of issues (Leach 1988a, p. 74).

These examples and others like them serve to emphasize the utility, but at the same time the definite limitations, of our contextual variable → organizational outcome model. It can offer an insight into some of the likely explanations for the widely varying sets of institutional arrangements which have taken over the work of the MCCs. But it cannot hope to capture the more 'idiosyncratic' influences on these outcomes which stem from particularities and conjunctions of time, place and personality. One result is that one can easily fall into the trap of 'over-explanation'.

In West Yorkshire, for example – which we have scored as the most county-oriented of our six areas – there was initially in fact a strong predisposition on the part of at least some of the districts, and in particular the inter-district professional networks, towards a district-oriented solution, with only a restricted range of services retained on a county-wide basis. What prevented that scenario developing further than it did almost certainly owed more than anything else to the fact that George Mudie, the then leader of Leeds City Council – the largest of West Yorkshire's five districts – happened also to be employed as a regional official of NUPE (National Union of Public Employees), whose members were strongly represented in the county and who were, of course, campaigning vigorously for the *retention* of county-wide services. As chair of the West Yorkshire Districts Co-ordinating Committee, Mudie was able to use his considerable bargaining and networking skills to help ensure the outcome of a relatively extensive scope of county-wide facilities.

In Greater Manchester, as it happened, pre-abolition negotiations moved in the reverse direction. With the county trade unions having a major influence in the informal arenas of inter-district debate, it seemed in the period up to November 1985 as if something approaching an 'optimal' county solution would emerge. Up to that point, and notwithstanding the large number and the political mix of the districts involved, there had been a commitment on the part of those districts to a county proposal for a 'strong central unit', staffed by county council employees, which would service not only Greater Manchester's three (eventually four) joint boards, but also a number of other associated county-wide functions (e.g. the computer). This agreement broke down, however, in the face of some effective inter-district lobbying by some of the district leaders, both Labour and Conservative, coupled with a degree of over-reaction on the part of the county political leadership. A growing unease developed about the size and structure of the proposed unit – not least about the salary scales of its prospective officers – and its potential lack of accountability. But although the 'strong central unit' itself failed to materialize, there remained in Greater Manchester a firm commitment to county-wide agreements and officer units.

There can be no doubt, therefore, that in some of the six metropolitan areas skilful negotiation and well-judged pressure by key groups and individuals were able to influence significantly the nature of the post-abolition arrangements finally adopted. In other areas, though, the forces and predispositions operating in favour of one particular form of solution were sufficiently compelling and consistent as effectively to limit the likely impact of such negotiation. *South Yorkshire* and *Tyne and Wear* offer an obvious contrast in this respect with West Yorkshire and Greater Manchester. Neither of these Labour monopoly areas, it will be recalled, had been proposed by the Redcliffe-Maud Commission as a two-tier conurbation. They emerged as candidates for MCC status only in the Conservative government's 1971 White Paper – a reflection of their less obvious conurbational identity, and of our own classification of them as fragmented polynuclear and binuclear respectively. In neither case had county-district relations in the pre-abolition period been even 'reasonable', although in Tyne and Wear they were more distant than acrimonious.

But the key factor was the party political one: the lack of any need seriously to consider the opposition or minority parties within the districts meant that the district leaders would be able to 'deliver' whatever package of arrangements they could agree amongst themselves.

Of our two Labour monopoly propositions, Tyne and Wear resembles much more closely the situation posited in proposition 5a. None of the five constituent districts is as dominant as, say, Birmingham in the West Midlands or Liverpool in Merseyside. Indeed, the generally acknowledged regional capital, Newcastle-upon-Tyne, has in fact a slightly smaller population than does Sunderland. The districts were broadly similar too in their ideological orientation. The comparatively extensive county-wide arrangements that resulted from the district leaders' negotiations were decided very much on a pragmatic basis. If there seemed a demonstrable or collectively advantageous case for joint action (e.g. the museum service, conservation, urban traffic control), then joint arrangements were agreed; if not, they weren't. The county was allowed limited access to the co-ordinating committee deliberations, but its proposal for a county-wide unit to service all joint board and joint committee activities was quickly dismissed at the first meeting by the district leaders.

The relatively dispersed metropolitan area of South Yorkshire, though properly categorized as polynuclear, is in population terms dominated by Sheffield to a much greater extent than Tyne and Wear is by either Sunderland or Newcastle. There was a shared determination on the part of the three smaller South Yorkshire districts and their leaders, therefore, that any post-abolition arrangements should not lend themselves to a comparable Sheffield domination – a concern that was intensified by the substantial ideological gulf they perceived as existing between Sheffield and themselves. For these three districts the barely hidden agenda in relation to almost every function or service became one of how most effectively to restrict or contain Sheffield's role. It was this agenda that produced the outcome of a common servicing unit for the three (now four) joint boards – located *outside* Sheffield, and which Sheffield could not dominate – rather than any deeply held commitment to the case for integrated county-wide services. It was this agenda too that produced an allocation of joint board chairs which excluded Sheffield councillors altogether (see section C of table 1), and that vetoed Sheffield's bid to be lead authority for superannuation. Even without holding the chair of a joint board, though, Sheffield's size is such that it is still entitled to as many members on the 12-member boards (5) as any two of the other South Yorkshire districts combined. And at least part of the explanation of the strength and influence of the area's inter-district co-ordinating committee is that it represents a forum that can be controlled by the three smaller districts, and through which they can try to forestall any exploitation by Sheffield of this numerical superiority.

Experience in the two remaining metropolitan areas – *West Midlands* and *Merseyside* – serves to re-emphasize that what we have termed the spatial and territorial characteristics of a conurbation will rarely by themselves offer a very accurate prediction of negotiated outcomes. In West Yorkshire we saw how it was an unquestionably polynuclear conurbation – one that had not been originally

nominated as a metropolitan county by the Redcliffe-Maud Commission – that had in practice produced the nearest approach to a ‘county in exile’. By contrast, both the West Midlands – albeit in a somewhat different form – and Merseyside had been recognized as genuine conurbations by Redcliffe-Maud, and both, as MCCs, ended up with tightly drawn boundaries. There were certainly, therefore, the preconditions for an extensive retention of county-wide arrangements. In neither instance, however, did this occur.

In the West Midlands, as already suggested, the largely district-oriented solution resulted more than anything else from the widespread district antipathy towards the county and all its works that had attended much of its brief existence. This was coupled with a strong – and in one or two cases possibly idealistic – sense of self-sufficiency on the part of the districts, Labour- and Conservative-controlled alike. These two factors brought the district leaders, Labour and Conservative, together for informal meetings during the six-month period *preceding* Royal Assent in a way that occurred in none of the other five areas. The historically ideologically moderate districts thus worked together across the political divide: not, as in Greater Manchester, to conclude agreements for the retention of county functions at a county-wide level, but rather for their *dispersion*. Their broadly agreed objectives were to establish a post-abolition system which minimized county-wide units and which, for those services which were required to be operated at this level, laid a heavy stress on the ‘lead’ role of individual districts and the individual chairs who were linked, initially at least, to those districts.

In Merseyside similarly there was a geographically plausible case for the retention of county-wide arrangements, and there was not quite the deep-rooted hostility towards the county that existed in the West Midlands. The main stumbling block to the achievement of a county-oriented solution was, in the terms of proposition 6, the heterogeneity of the inter-district political mix and, more specifically, the problem of Liverpool. The traumas and tribulations of the politics of both Liverpool City Council and Liverpool Labour Party, particularly during that critical year immediately preceding abolition, have been extensively documented elsewhere. Suffice it here to recall that, in the words of one of the most informed commentators, ‘by 1985 Liverpool had become the jewel in the crown of the Militant Tendency’ (Parkinson 1985, p. 24), and as a result thoroughly distrusted by all other Merseyside districts, Conservative and Labour alike. Distrust of Liverpool was, however, one of the few subjects on which there was any real cross-party coincidence of view. No substantive agreements were struck in the pre-abolition negotiations and, as recorded in table 1, one of the very few county-wide arrangements which now exists in Merseyside is the Waste Disposal Joint Board that had to be imposed by the Secretary of State for the Environment for precisely this reason.

In only one noteworthy instance – the setting up of a section 88 Research & Intelligence Unit – did the four districts apart from Liverpool manage to reach the necessary two-thirds agreement for voluntary joint action, with Liverpool dissenting from the majority view. Otherwise, the negotiation process was hampered by ideological divisions – not just between Liverpool and the rest, but

between the increasingly Militant-influenced St. Helens and Knowsley and the relatively doctrinaire Conservatism of Sefton and Wirral. The Merseyside co-ordinating committee was, not surprisingly in the circumstances, the worst attended of the six examples, particularly by the Conservative districts, and there were few, if any, compensatory informal channels of communication between the Labour and Conservative leaders involved. The county did manage to gain a degree of access, both formally and informally, to the political network, and a proposal for a county-wide servicing unit on the South Yorkshire model actually remained on the agenda until shortly before abolition itself, but it never stood any serious chance of overcoming the 'blocking' capacity of Wirral and Sefton.

CONCLUSION

In one important sense at least, Merseyside is an interesting case with which to conclude this examination of the abolition of the metropolitan county councils, for it constitutes the exception. In our opening paragraph we described the 1985 Local Government Act as arguably the most controversial piece of legislation introduced by the second Thatcher Administration, and so it was. Both it and its antecedent 'paving' legislation had extremely bitterly contested passages through Parliament. Yet, looking back now over the five years since its enactment, it is difficult not to be struck by the relative smoothness of the transition process itself – Merseyside (and also Greater London) excepted. The solutions and arrangements that were negotiated varied considerably from one metropolitan area to another, as we have indicated. Yet, for the most part, those solutions were agreed and the arrangements set in place with perhaps surprisingly little political furor or publicized disruption of services. This is particularly remarkable, given that for political reasons the Labour-controlled districts refused to set up any kind of formal machinery to discuss the transfer of county functions until after the Abolition Bill had received its Royal Assent.

If indeed the transition *was* comparatively painless – and for many of the thousands of staff affected it almost certainly would not have appeared so at the time – there were, as we have suggested elsewhere (Leach *et al.* 1987), several possible explanations. The dominance of the Labour Party in five of the six areas was unquestionably a key factor – as was the bi-partisan political commitment to making the change work that developed in Greater Manchester, West Yorkshire and the West Midlands. A great deal of credit too must go to the professionalism – in several senses of the word – of the local government officers involved, and probably to the district chief executives in particular, several of whom were spending at least half their time over the six-month period preceding abolition getting the new arrangements established.

Whether local government in the metropolitan areas has been 'streamlined', as the government's White Paper suggested it would be, seems highly debatable. One thing that is clear is that the claim about the system being simpler for the public to understand, since 'responsibility for virtually all services will rest with a single authority', is true in neither respect. As our own account of the post-abolition arrangements has shown, very few of the former county council functions were

transferred directly and unambiguously to the districts. The majority have become the responsibility of a somewhat bewildering variety of institutions, including joint boards, joint committees, residuary bodies, and central government departments, one outcome being an inevitable weakening and confusion of public accountability (Leach 1990). Another, hardly surprisingly, has been not an increase, but a substantial *diminution* in public knowledge and understanding – only 4 per cent of a sample of 1,425 metropolitan residents, for instance, being aware, more than a year after their establishment, that joint boards were now responsible for the police and fire services and passenger transport (Game 1987). The final irony perhaps is that, by the time they do become aware, the whole system may be in the throes of yet a further transformation.

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PUBLIC ADMINISTRATION AND THE INFORMATION POLITY

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Within the debates in Britain about changes in contemporary public administration insufficient attention has been focused to date upon the significance of new information and communication technologies. In particular, the operational importance of computer networks to government organizations, and of the information flows supported by them, have hitherto been given scant attention. A primary focus for understanding the current transformation processes in both services and organization occurring in public administration should be upon the role and significance of these new information flows. Informational capabilities are increasing throughout government organization and have considerable implications for the reforging of that set of organizations which comprise British public administration and for the relationships between and within them, as well as for the quality of publicly provided services. The shifts occurring in contemporary public administration can be usefully analysed and understood by reference to the new concept of the 'information polity'.

1. INTRODUCTION

Whilst the significance for contemporary economies of new information and communication technologies (ICTs) has been much discussed, comparatively little, to date, has been written on their importance for the performance and organization of government. The concept of 'information economy' has been widely adopted and developed yet the matching concept of 'information polity' has not been explored. In this article a step towards remedying that situation is attempted. The growth in the adoption and diffusion of ICTs into UK government organization is examined and illustrations of the increasing importance to public services of new information flows conveyed by the technologies are adduced. New ICTs, specifically modern computer networks, establish facilities through which both efficiency and effectiveness gains are being made in Britain's public administration. More profoundly still, computer networking is beginning to provide a set of new technological and informational infrastructures as a consequence of which long-

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established organizational structures and processes are being challenged. A new public administration is being forged and new information flows, and the computer networks which facilitate and mediate them, are fundamental to that innovation process.

2. BACKGROUND

The background to this paper is one which identifies contemporary 'advanced' societies as characterized by a developing convergence amongst a number of socio-economic and technological trends. Daniel Bell's 'post-industrial society' (1974), for example, proclaimed a shift in the economic base of these societies toward services and away from manufacturing, with many social changes occurring in its wake. Porat's (1977) work which built upon the seminal work of Machlup (1962) has stimulated discussion on the emergence of a new economic paradigm – an 'information economy' – within which 'information labour' is growing in importance and where information might best be conceptualized as an emergent 'factor of production' (Melody 1987). A deeper explanation of this emergence of an information economy is provided by a burgeoning literature deriving from the French 'regulationists' (for example, Aglietta 1979; Liepietz 1987) who argue that a new régime of capitalist accumulation is occurring which relegates 'Fordist' forms of production and consumption and promotes more flexible patterns of economic activity specifically in the shape of 'customized' products and small-batch production, as well as more differentiated patterns of consumption. Thus some are arguing that 'Fordism' is giving way to new socio-economic and organizational forms which exhibit the theme of 'flexibility' and which have been characterized generically as 'post-Fordist'.

In each of these conceptual and theoretical contexts the enabling role of new information and communication technologies, and the information resources which they permit, is emphasized. Just as production-line technology enabled the growth of Fordism, so, it is argued, 'post-Fordist' society is enabled by the powerful telecommunications and computing convergence of the new ICTs (Perez 1983; Blackburn *et al.* 1987). Thus, the technologies are seen as central to the greater gathering, manipulation and application of information resources upon which economic activity is viewed as being increasingly dependent in advanced capitalist countries.

Moreover, there is a continuing telecommunications logic at play too. Just as the telephone's usefulness grew and costs fell as more subscribers were attached to the network, so too with computers. Changes in computing and telecommunications technologies, have produced a situation where it is now relatively simple to network computers and thereby to gain economies of scale (by spreading the installed base across different locations and by capturing information from them) and economies of scope (by using the technologies and information resources for a greater number of applications). Indeed, and additionally, through the use of greater bandwidth, computer networks which can convey both voice and data traffic simultaneously (as well as video and graphics) are increasingly being implemented by firms and organizations and further scale economies made available. Furthermore, these networks are no longer necessarily constructed on a

centralized 'star' topology as in the early phases of computing development. Rather, they now support distributed, real-time and interactive computing, permitting the development of an ever-growing range of applications whilst facilitating considerable deconcentration or decentralization in the firm or organization. Therefore, local area networks, wide area networks and, what some are calling, Metropolitan area networks (for example, Hepworth 1989) can be conceptualized as both the physical outcome of these technological changes and the economic outcome of wider and deeper processes of restructuring. Computer networks are thus providing for a highly distinctive phase in the automation and integration of both factories and administrative centres. This is so because they permit the movement from the *stand-alone* technologies of, for example, the CNC machine and the word-processor to *systems* technologies conceptualized, for example, as 'computer-integrated manufacture' and 'office automation' (Aksoy 1988).

One simple indication of this movement towards the adoption of systems technologies is provided by the ratio in organizations of computer workstations to employees. In table 1 below a range of these ratios for different industrial and governmental contexts is set out. These data clearly reveal marked differences in computer networking and the implementation of integrated information systems between government organizations and some in the private sector, both in terms of a benchmark firm (IBM) and a comparable industry (insurance).

TABLE 1 Ratio of workstation to employee

<i>Organization</i>	<i>Ratio of workstation to employee</i>
IBM	1:1
Insurance	1:3
Central government	1:10
Local government	1:12
National health service	1:14

Source: Trade and Industry Select Committee 1988-9

In summary the purpose here is not to enter discussion on either the nature of economic or technological change. The assumption is that profound changes have occurred and continue to occur, both economically and technologically, which are broadly in keeping with the discussion above. The central purpose here is to examine how these changes are themselves impacting upon the organization of government, and to examine the question 'to what extent is Britain becoming an information polity?'

3. TRANSFORMING PUBLIC ADMINISTRATION

It now appears curiously at odds with the contemporary sense of the discipline of public administration that so many writers should have been so concerned in the 1970s with the perceived 'intellectual crisis of public administration' (for example, Ostrom 1973; Golembiewski 1977; Hartwig 1978). An overarching problem of the

decade for students of public administration was to analyse the paradigmatic crisis of the discipline and, in some instances, to attempt its resolution. Now, with all the attendant benefits which hindsight brings, the 1970s appears as the last decade of an established order in public administration, a period when public service values were relatively unchallenged and when the practices of public administration were undertaken within a context of well-understood and long-established conventions of accountability and responsibility. Thus, in the broadest sense, an apparent paradox had arisen of a set of administrative activities seemingly in a well-ordered 'steady-state' and yet an intellectual community seeking to study them finding itself in confusion and disarray.

The last decade also withstood some considerable intellectual challenges to public administration (for example, Dunleavy 1982) but, for the most part, the challenges which emerged were much more centred upon operational and strategic issues in government. Public administration in the 1980s and since has become a contested institution rather more than it has been a contested intellectual arena.

The manifestations of this present contestation are numerous and can be identified in central and local government, in the nationalized industries, the health services, and in other governmental organizations. The manifestations are many, but the themes which they embody are common, few and closely interlinked. The first of these themes is *economy* or, to use the words of the Audit Commission (1984), the requirement to 'adjust in an era of limits'. A prolonged period of pandemic financial restraint has introduced into government at all levels a need for sharper understanding of cost structures as well as the search for new forms of income (for example, H. Davies 1989). A second theme is *efficiency*, and here one of the main manifestations has been the linking of economy measures to institutional change. Thus, for example, the 'Next Steps' programme for central government (Efficiency Unit 1988) clearly identified the case for the rediscovery of the 'purpose principle' in the rational organization of central government and the consequent creation of an agency form of organization for the efficient delivery of executive functions of government. The underlying expectation of these proposals is that they will force into government much tighter financial and managerial responsibilities. Third has been the theme of *responsiveness* and here manifestations have included such measures as the community charge (supposedly establishing a closer link between local electorates and councils), the deregulation and liberalization of government provision (through, for example, the introduction of compulsory competitive tendering), and the better monitoring of the quality of service delivered by public administration (for example, National Audit Office 1988).

Embedded in these challenges to the public service paradigm has been a pushing aside of the traditional language of public administration. 'Clients' and 'subscribers' are being replaced by 'customers' (for example, Smith 1989) thus signalling the immediacy and responsiveness which are assumed to be conveyed once services are provided in an environment characterized by financial constraint and competition. The discovery of the 'customer', however, has led to the rediscovery and re-affirmation of the 'citizen' too. Here it is argued that public services in many instances have some of the characteristics of the public good. In particular, these

services can convey benefits beyond those gained by the specific consumer, and indeed consumption is difficult if not impossible to prevent. Moreover, it is argued, there is a clear and important distinction between the consumption of a public service and its democratic legitimacy. The latter is bestowed only by the citizen who may or may not be the consumer. Emerging from these arguments has been the concept of the 'public service orientation' (Stewart and Clarke 1987; Rhodes 1987), one which essentially combines, in the making, management and delivery of public policy, a joint and simultaneous responsibility to customer and citizen alike.

The elements in this paradigmatic shift in the practice of public administration are expressed in summary form in table 2 below. The table highlights some of the main characteristics of contemporary changes in public administration including the interrelationships between this paradigmatic shift, the adoption, diffusion and application of new technologies, and organizational change and innovation.

4. PUBLIC ADMINISTRATION AND THE ADOPTION OF NEW INFORMATION AND COMMUNICATIONS TECHNOLOGIES

The nature of a government department in which paper and people abound should particularly lend itself to the use of information technology (Trade and Industry Select Committee, 1988-9).

Public administration is an information-intensive industry. It is, as the quotation above suggests, one within which the adoption of the technologies which convey information might be expected to be high. Available data, however, suggest that this has not been the case to date, though the data further suggest that ICTs are being regarded in government at all levels as increasingly significant, and that they are being more widely adopted as a consequence.

This evidence points to a number of clear and interrelated trends on the adoption of ICTs each of which is developed below (see also Taylor and Williams 1990). The first is the transition from centralized computing based on mainframe data processing to distributed networked systems. The second clear trend is the movement away from computing as part of the province of finance departments and towards networked information systems in all areas of government. Thirdly, there is much evidence which suggests considerable and recent increases in user skills in public administration, and of those increases being set to continue. Finally, expenditure patterns on ICT adoption also indicate the rapid and large-scale growth of the technologies in government.

A good illustration of the growing significance of computer networking in government, the incipient importance of ICTs for a wide range of government departments, and the expansion of user skills is provided by the development in recent years of the Government Data Network (GDN).

The GDN is a specific response by the Government's Central Computing and Telecommunications Agency (CCTA) [Muid 1989] to the growing demands for distributed computing and for its economic (i.e. low-cost) provision. Thus a shared and externally managed facility (the GDN) has been developed to provide a

TABLE 2 Public administration – strategic eras

	<i>1945–75 Meeting rising expectations</i>	<i>1975– Adjusting to an era of limits</i>
Strategy	Growth	Economy, efficiency and responsiveness
Structure	Centralized	Deconcentrated and decentralized
Focus	Upward and inward	Downward and outward
Key systems	Allocation of additional resources	Strategic planning and customer service. Management and marketing information systems. Customer data bases.
Ascendant skills	Professional/ administrative	General management and technical
Style	Bureaucratic, neutral, risk avoiding	Managerial, proactive, experimental
Staff	Large central coordinative staffs. Front and back office staff and functions combined in particular locations.	Smaller central staffs. Front and back office staff being separated both conceptually and physically. Growing use of information and communication technologies.
Computing	Centralized mainframe supporting account ledgers and pay roll. Batch processes and limited access.	Growing diffusion of information and communication technologies. Distributed, real-time processing. Widespread applications.
Operational objectives	Meeting public needs as expressed <i>via</i> systems of public accountability.	Providing services to customers and citizens through 'judicious' expenditure.

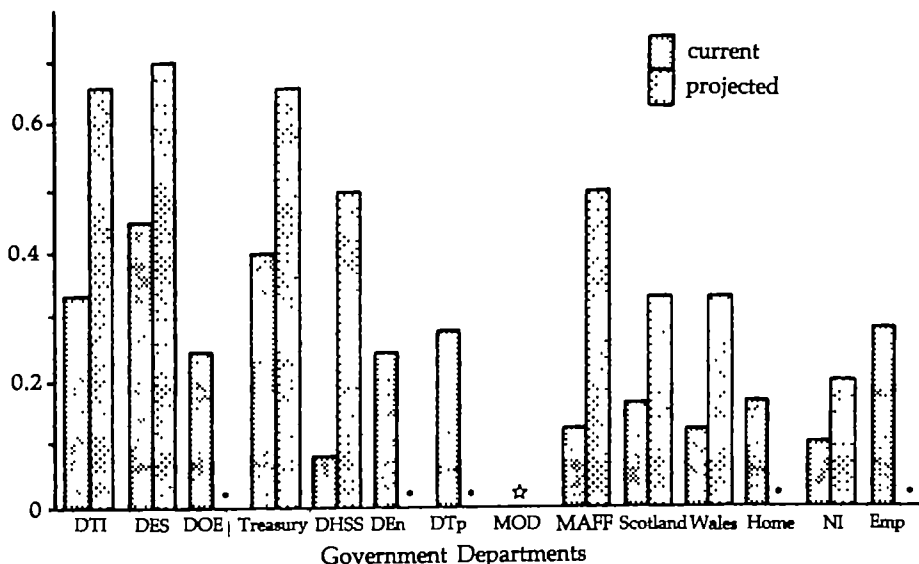
Source: This table is considerably adapted from the Audit Commission, 1984.

computer network initially for Customs and Excise, the Home Office, the Department of Health, the Department of Social Security and the Inland Revenue though with other Departments – notably the Treasury and the Department of Employment – joining in 1989 (Wyatt and Rush 1989). Hence, the contractors (RACAL Data Networks Ltd.) have been asked to provide and manage a facility which can meet the requirements of other departments in the future. At present, the intention behind the GDN therefore is to provide what in the first instance is a technological infrastructure to be shared by a number of departments and consequently provided at lower costs than would otherwise be the case. Once developed, departmental information flowing over the GDN will not be shared or transferred inter-departmentally, however, or be available on an open-access basis. Thus the overarching rationale for GDN remains one of cost savings, though each department's involvement in it is equally a reflection of their own desire to integrate the information flows conveyed by the technology with their business activities (National Audit Office 1989).

Most recently, and again supported by the same rationale, the GDN initiative has been built upon by the announcement in February 1990 of the establishment of the Government Telecommunication Service (GTS) which will aggregate departmental voice communication and integrate it with data traffic on an integrated services digital network (ISDN).

The GDN (and the GTS more generally) provides an indication of the growing perceived significance of computer networking for a diverse range of central government departments. Table 3 below further illustrates this point in showing the anticipated growth of distributed processing in the civil service to the year 1993.

TABLE 3 Computer workstations to civil servants 1988–93



Source: Trade and Industry Select Committee 1988–9.

The data in table 3 are broadly confirmed by other available data from local government (Taylor and Williams 1988) which also show immense anticipated increases in the departmental use of networked processing power over the next 4–5 years.

Expenditure on information and communication technology in government is also rising rapidly, again demonstrating the perceived significance of the technology. In the financial year 1987–8 central government expenditure on ICT was c. 1 per cent of the total of public expenditure, or £1,800m. This figure had risen by 16 per cent over the previous year (Trade and Industry Committee 1988). In local government it has been estimated (SOCITM 1988) that whereas total local government expenditure is likely to increase at an average annual rate of 4 per cent, expenditure on ICTs is likely to rise by 18 per cent per annum over the next 3–4 years.

Table 4 below, taken from a report by ICL in 1988, further confirms both the rapid actual and anticipated increase in IT expenditure.

TABLE 4 Local government expenditure on ICT

	<i>Total expenditure (£ million)</i>	<i>Increase on previous year %</i>
1985	229	22
1986	281	23
1987	353	26
1988	407	15
1989	517	26
1990	613	18

Source. Derived from ICL Report on the Impact of IT in Local Government 1988.

Finally, table 5 below illuminates the trends within ICT expenditures in local government, both actual and forecast, revealing in particular the movement away from centralized mainframe expenditure and towards networked systems.

TABLE 5 Information technology expenditure in local government

	<i>1983 %</i>	<i>1988 %</i>	<i>1993 %</i>
Personal computer systems	4.2	15.8	22
Corporate systems	90.6	67.5	46.2
Departmental systems and networking	5.2	16.7	31.6

Source: Local Government in Britain. An ICL report on the Impact of Information Technology 1988.

5. PUBLIC ADMINISTRATION AND NEW INFORMATION SYSTEMS

The combination of changing perceptions about the role and nature of contemporary public administration, together with the adoption of ICTs, is giving rise to the development of information systems, thereby facilitating new information

flows in many of the functions of government. These flows of information are contributing, in a variety of innovative ways, to the recasting of public administration, as the four examples below illustrate. These examples illustrate simultaneously the general nature of the 'informatization' of public administration and the contribution which new information flows are making to the changing paradigmatic requirements within public administration. Furthermore, and developed more in the next section, they also illustrate the links between these processes and organizational innovation. The first example looks specifically at an application of ICTs designed to achieve *economy* in a police force. The second looks at a major application adopted by a nationalized industry designed to bring about greater *efficiency* in resource management operations. The third and fourth relate to two mainstream local government functions, libraries and school meals services, and shows how new flows of information are enhancing the *responsiveness* of public administration both to customers and citizens and, moreover, how informational resources can become central to publicly provided services operating in a competitive environment.

(1) Office automation and police services

Office Automation (OA) systems, being adopted extensively by police forces (Audit Commission 1988), are designed to provide lower cost solutions to the heavy burden of administrative work faced by serving police officers. The functions provided by such systems include word processing with formatted data entry, automatic filing and text searching, electronic mail and messaging, diary and calendar.

Underpinning the development of OA systems is the imperative of reducing the time spent by uniformed officers upon, and thereby the direct and opportunity cost of, routine administration. The Audit Commission (1988) has published data showing that c. 25 per cent of uniformed police constables' time is spent on 'administration and paperwork', and that the figure for uniformed sergeants and inspectors is nearer 40 per cent. Furthermore, the Audit Commission has asserted that 'an even greater proportion of CID officers' time is spent on paperwork than is the case for their uniformed counterparts'. Background papers to the development of OA in a case study police force (Taylor and Williams 1988) clearly reflect this concern to reduce 'paperwork'.

The OA system is also designed to facilitate the development of new applications, with, for example, a licensing system for firearms and shotguns and a warrants register to be developed in the short run. Other registers, such as one for uniform and one for stationery stores, are to be added at a later date.

Four main impacts are envisaged for this OA system. The first of these impacts is increased economy through the automation of data and text handling within the system. The time spent on administrative work will be reduced significantly and thereby its costs. Estimated figures suggest time savings for managers (i.e. Superintendent and above), of 11.6 per cent; for professionals (i.e. Chief Inspectors to Constable, plus Senior Civilians) of 18.8 per cent; and for support staff (clerks, typists) of 29.4 per cent. Total annual savings deriving from the system in the case study force were calculated in 1986 as c. £130,000, implying a pay-back period of

25 months on the capital required for the implementation of the system. These figures relate to the first stage implementation of the system, and its force-wide introduction, planned for the early 1990s, will bring at least similar if not greater savings. Secondly, electronic mail within the OA system is seen as a low-cost facilitator of intra-divisional communication both directly, in the sense of providing an additional communication medium, and indirectly, in the sense of reducing the need for disruptive (*sic*) telephone calls. Thirdly, the OA system is seen as a computing springboard in the force from which further applications can be developed in a coherent and consistent way, as well as permitting data-base inter-connection. The fourth impact envisaged for the OA system is job enrichment. It is acknowledged that much administrative work is perceived, particularly by serving police officers, as tedious. Considerable relief from this tedium will derive from the system and, additionally, professional personnel will be released to exploit further their professional policing skills.

In one force the introduction of a multi-purpose administration unit linked to the OA system has brought a dramatic reduction in the amount of police time spent on administration as table 6 below shows.

TABLE 6 The impact of the multi-purpose administration unit in one police force

	<i>Time spent on administration *</i>	
	<i>Before</i> %	<i>After</i> %
Inspector	58	22
Sergeant	50	20
Constable	21	4

* These figures are approximations based on graphs produced by the Audit Commission 1988.

Further data from the Audit Commission show even more dramatic reductions in administrative workloads than those in the table for CID officers. Before the introduction of the OA system and the new administration unit, Detective Sergeants and Constables each spent c. 24 per cent of their time on administration. After the extension of the OA to CID work this was reduced to 4 per cent. The Audit Commission argues strongly therefore that the administration unit has reduced dramatically the total costs associated with administrative work.

This example demonstrates how new information and communications technology developments, in this instance the OA system, have been accompanied by organizational changes. Further, it would appear that the most substantial gains from an OA system are available where it is accompanied by organizational innovation.

In short OA systems are producing considerable economies in UK police forces. These economies appear to be enhanced where they are accompanied by organizational changes such as the creation of special purpose administration units. Whilst cost reductions are the primary motivation for the development of these systems,

additional benefits derive from them too. In this instance these innovations have led to reductions in the time devoted to administration by serving police officers which, in turn, is linked to improvements in the quality of police service to 'the public' (consumers and citizens) as more time is made available for the accomplishment of police duties.

(2) Resource management in a nationalized industry – an electricity board

A range of resource management information systems is being adopted by electricity boards (now companies) designed, primarily, to improve the efficiency (i.e. speed, reliability and coordination) of their installation and maintenance work. In the case study board (Williams and Taylor 1988) these systems are termed the Medium-Term Work Programme (MTWP), the Short-Term Resources Management System (STRM), and the Material Management System (MMS). The systems are being linked together to provide a powerful tool for the improvement of efficiency in the case study board.

The board's installation and maintenance activities are formally centred upon depots around the region. Historically each depot has managed these activities relatively autonomously in respect of other depots. Presently the depots are becoming more integrated through the implementation of these information systems.

The MTWP has been in place since 1985, operating on the central mainframe. The objectives of the application are to coordinate the deployment of labour to future jobs, to ensure that start dates are met, and to monitor overall timescales from the placing of orders to the start of work. The system is designed to progress each job until that moment when physical work is due to begin. Thus, for example, when the board is informed of a builder's intention to develop a particular site the MTWP in effect ensures that the electrical component of the scheme is allocated a time slot in the overall work schedule of the board, and ensures also that this timing is appropriate to the development cycle of the builder. Moreover, the programme monitors, and calls for an input from, other related activities such as plant ordering, wayleaves and consents.

However, whilst the MTWP provides an effective mechanism for ensuring that jobs are properly scheduled it provides no mechanism through which to manage the execution of the job, the most complex and costly part of the operation. It is here that the Short Term Resources Management System (STRM) is critical.

Three basic activities are involved in the creation of the daily work programme, the production of 'job cards' specifying the actual procedures to be undertaken, using information contained in 'work manuals'; the production of 'materials lists'; and the production of the 'daily work programme' whereby each individual job must be consolidated into the existing work schedule taking into account the degree of urgency and the availability of the workforce.

In addition to these pre-work administrative activities there is a number of tasks that can only be fully undertaken once engineering work has been completed, such as daily attendance records, job evaluation and job costing. Historically, these tasks were performed manually by clerks in each depot.

In 1985 the case study board evaluated computerized Short Term Resources

Management (STRM) systems, the outcome of which was a proposal 'to extend the existing engineering computer system into STRM on a depot basis' rather than to buy in an existing system from another board.

The technological basis of the system is to use distributed processors in each depot, each supporting a number of terminals and linked via the computer network to the mainframes. In essence, the development of the STRM facilitated its inter-linking into the broader computing environment of the board thereby enabling the benefits delivered through STRM to be intensified via the computer network.

The benefits emerging from the use of the STRM are becoming substantial. In terms of the management of the work programme STRM is permitting engineers to plan, organize and control specific jobs more accurately and efficiently than previously, thereby structuring daily work programmes better. The use of common databases through STRM no longer permits local depot interpretation, thereby ensuring the integrity of the basic inputs into the planning of the short-term daily work programme. So doing protects the integrity of the framework used for the allocation and monitoring of the board's engineering resource. Furthermore, these common data bases facilitate efficiency gains through the greater accuracy of the data being used to determine the daily work programme. For the industrial staff the benefits emanate from the issuing of work sheets which are both accurate, legible and more detailed than hitherto. Moreover, the system ensures that the materials and other resources required are available on time and in the appropriate location. The combination of these benefits is producing productivity gains in excess of 5 per cent, thereby substantiating the most optimistic estimates provided to justify the development of STRM.

A further information system which interlinks with both the MTWP and STRM is the Materials Management System (MMS). Conceptually this system combines with the others in providing a computerized stock catalogue from which purchasing and ordering decisions are made automatically through the analysis which it permits of stockholding. The system thereby allows for the automatic replenishment of stocks between central stores and local depots, and for costing and invoicing. Furthermore, the system permits the identification of stock held at any location within the board, thereby creating a virtually unified stock. Information about the details of stocks held clearly produces considerable efficiency gains particularly in terms of inventory control, stock turnover and, in consequence, cash flow. The MMS is also permitting much smoother work management than was previously possible where equipment short-falls for a specific job could lead to considerable delays whilst other depots were contacted or new deliveries were arranged.

The further development of these systems (STRM, MTWP and MMS) is providing a mechanism for the board to forge external computer linkages. The current intention is to link the board with its major suppliers, through a third party value-added service (e.g. Tradanet). The initial linkages will be with the suppliers of products used in high volumes by the board, such as cables and joints. The direct linking of suppliers will allow the work scheduling in both the MTWP and STRM systems to generate orders directly with suppliers. The expectation is that substantial reductions in stock holding will be achieved, as well as, in the longer term, the

integration of the manufacturing and delivery schedules of suppliers with the use patterns of the board. Clearly the realization of such benefits would improve the efficiency of the engineering activities of the board which in turn would reflect itself both in productivity gains and in improved quality of service.

(3) Coordinating and controlling library services

Circulation Control Systems (CCS) have been widely adopted by local government library services and have been designed to place the details of books held in stock against issuing, receipts, reservations, overdue, borrowers information, and catalogue searches. The systems also allow the generation of statistical information about, for example, the 'recovery rate' of overdue books and the 'success rate' for different kinds of reservation, not only for each library but also for the service as a whole and for whatever combination of libraries is thought necessary. Thus the libraries book inventory and day-to-day administrative processes are both captured by, and facilitated through, the technology.

CCS is facilitating change in the nature of the relationships between libraries and their readers, or customers, in a number of ways. First, it is enabling local book stocks to be 'tailored' to local consumer tastes and thereby allowing spatial differentiation of the book stock rather than its duplication. Considerable differences in consumer preferences occur in different locations and new information flows over computer networks are permitting these preferences to be both formally identified and subsequently better matched to local book stocks. Secondly, analysis of book issues permits 'product mix' experimentation through innovation and experimentation in the juxtaposition of book classifications. Thus, for example, where 'war history' and 'biography' have been separate categories in the conventional cataloguing and shelving systems some biographies which might equally be deemed war histories have been 'underconsumed'. Where product mix experimentation of this kind is done then greater consumption rates can be demonstrated. Importantly, too, the product range is in effect augmented in the particular library and customer satisfaction is enhanced, both without any increase in the overall stock of books being required. Thirdly, the technology is also enabling more rapid and reliable book circulation from within the existing stock. This has major implications for the number of duplicate copies of a book which the libraries require to stock, generally leading to its reduction. Thus, it is here that the technologies of computer networks combine synergistically with conventional road transportation to produce an improved public service. Through this combination of 'wires and wheels', finance is released to expand, rather than to duplicate, the overall library stock. Fourthly, whole library collections are made available to users via the computer network regardless of the location either of the user or of the stock item. Library book stocks are being changed from being largely fixed and segmented to a situation in which the total book stock of the county library service is effectively on the shelves of each branch library. The stock has thus moved from one which is spatially differentiated to one which can be conceptualized as 'virtually' unified, permitting access to it regardless of the locations of the physical stock, the user, and the labour content of the service.

The customer advantages which derive from the above merge with the wider notion of citizen advantage through the more cost-effective use of the existing book stock entailed in these changes. Citizens thereby obtain better value for money. Moreover, the wider range of book holding permitted by these innovations arguably enhances the long-standing citizen-education role being delivered by local government. Finally, and again in this wider sense of citizen benefit, the 'new library service' which is emerging from these changes is being further enhanced by the release of staff from routine clerical and administrative roles in the 'back-office' to ones where broader advisory and information functions are emerging, offering services which go beyond the traditional library services. Libraries, as a consequence, are increasingly becoming key integrated information centres in local communities.

In summary therefore circulation control systems are permitting libraries to change their relationships with the public, both customer and citizen, and improving the service offered in a number of significant ways. Again, as in the example adduced here from the police service, the innovations permitted by the network are also producing changes in the labour content of library work, leading broadly to the enhancement of professional librarian and information services.

(4) Competing for educational catering contracts

Finally, the adoption by education authority catering services of information systems illustrates *inter alia* how these services are better able to respond to the competitive environments which they face, as a direct consequence of the adoption of these systems. Further illustrated is the way in which information systems permit the problems inherent in geographically scattered administrative systems, such as that of schools catering, to be tackled.

'Competitive advantage' remains an unfamiliar phrase in local government management, as in the public service more generally. The advent of competitive tendering, more recently mandatory competitive tendering, has meant, however, that it is increasingly understood. Under current legislation local authorities are required to submit an increasing range of services to competitive tendering, including schools catering. Thus, local governments are required to compete with other catering contractors for the provision of school meals.

Computer networked applications in schools catering have therefore been given additional impetus by competitive tendering legislation, indeed some of the data which the system generates are specifically required in the tendering process. The systems permit the unit costing of both the food and labour content of meals in each kitchen, as well as the modelling of different menus incorporating variations in the prices of ingredients, subject to agreed and defined nutritional standards, and within specific cost ceilings.

Unit costings are expressly required under competitive tendering legislation. Menu planning is additional to those requirements, however, and could well give in-house catering services a competitive edge in the tendering process. Further planned developments of the system will allow, for example, for direct daily meal ordering by children. It is also anticipated that 'just-in-time' external linkages to food and other material suppliers will also be a future development.

A number of advantages is being achieved or anticipated from these systems. First, extensive information analysis, deriving from comprehensive data from each school, which is permitted by these systems should produce higher quality of service to school children. Menu modelling, in the context of safeguards on nutritional requirements, should permit more varied and interesting school meals. Secondly, and a wider advantage, such systems may help to produce healthier eating habits amongst children through the information provided on children's diets. The implications of this information for health education programmes could clearly be considerable. Thirdly, in helping to secure contracts for the in-house catering labour force the 'value-added chain' in catering remains predominantly local, thereby offering at best a stimulus to the local economy, and at least the maintenance of existing expenditure patterns and local multipliers.

If subsequent phases are successfully implemented other major advantages could also ensue. For example, the local authority could become a successful trading unit for catering, though this would require legislative change permitting DSOs to compete beyond the local authority sector.

6. ORGANIZATIONAL CHANGE

The illustrations above reveal how together new information systems and technological infrastructures are contributing in a variety of ways to the transformation processes surrounding, and increasingly imbuing, contemporary public administration. The new paradigmatic requirements for public administration of economy, efficiency and responsiveness in more or less competitive environments, are all being assisted by new information flows, particularly those conveyed by the technologies of networked computing.

The illustrative examples above also touched upon significant impacts occurring within labour processes in public administration. Broadly, these are of two types. First, there are signs that the 'command and control' form of bureaucracy is giving way to more information-based networked forms of organization and, as this occurs, so the middle-management stratum in public administration is beginning to be challenged. The roles of these 'booster managers' (Drucker 1988) are changing or even disappearing as information systems 'manage' tasks from, for example, order handling to work scheduling. The electricity board's systems discussed above are good examples of where this is beginning to occur. The second labour process impact which is now occurring widely is more related to the professionalization of the public services than to its line management. The policing and library illustrations above, for example, reveal how information systems, in permitting reductions in routine clerical activities, release skilled workers to exploit their expertise more fully.

The policing illustration above is also useful in emphasizing the importance of how appropriate changes in organizational structures further enhance the efficiency of the service and, through permitting further relief from clerical work, contribute too to its greater effectiveness. In that instance the creation of a special administrative unit with suitable information and computer networked linkages throughout the force produced considerable reductions in the time spent by serving police

officers on routine clerical duties. Thus the combination of computer networking and organizational innovation is delivering gains both in efficiency and in effectiveness.

Profound and overarching organizational changes are presently envisaged within the overall structure of UK public administration. The 'Next Steps' programme (Efficiency Unit 1988), for example, and the agency government which is to flow from it are, in part, being facilitated and legitimated by the information systems which support them (Muid, 1989). Furthermore, these systems sharpen the focus on the change process in terms of the ring-fencing of agency activity. In designing and implementing new agency-centred information systems a major question arises over the extent to which such systems need to include an 'informational umbilical' to the parent department in order to retain opportunities for the sharing of common resources and to retain some degree of management oversight. Thus the meaning and nature of agency government (plus its likely future) are brought into question (Muid 1989; Duffy 1990).

Linked conceptually in some instances to these processes of administrative deconcentration flowing from the Next Steps programme are several relocational decisions which have recently been taken. Thus, for example, the Civil Service Occupational Health Service (CSOHS) is to be moved from Whitehall to Edinburgh in September 1990. Another example is the move of the National Rivers Authority (NRA) from London to Bristol. Both of these announced moves, and others, appear partly to be a consequence of high accommodation and staff costs in London. Such relocation decisions are facilitated by the presence of computer networks through which management linkages will be retained. In the past ten to twenty years re-location of central government functions was mainly concentrated upon large 'back office' functions. For example, the back offices of the DSS are centres in Newcastle-upon-Tyne and Blackpool. Such relocations made very specific contributions to the 'spatial division of labour' in moving clerical functions to peripheral regions. Presently a developing trend, however, as with the NRA and CSOHS, is to disperse more professionalized aspects of central government activity from London to other regions. Thus, whilst 'clerical factory' relocations have, in the case of dispersal to peripheral regions, tended to reaffirm a low-skilled labour force in those areas, contemporary relocation decisions hold out the possibility of enlarging the professional skills base of cities and regions outside the south-eastern core.

Finally, a further trend in the contemporary recasting of public administration lies in the new physical distinctions being made between front and back office work. Once more these distinctions are being made possible through the introduction of computer networked information systems. Perhaps the best, certainly the most visible, example of this is the DSS. There the twin operational aims of improving quality of service and treating the client as a 'whole person' who has a range of needs from social security (Adler and Sainsbury 1989), have led to organizational innovation supported by a computerized 'operational strategy' costing in excess of £1.7 bn. (Committee of Public Accounts 1989).

Under this strategy local (front) offices will be on-line to information systems

for retirement pensions and widows benefits, for the assessment and payment of income support and, eventually, for the calculation of incapacity benefits and unemployment benefit. Furthermore, a departmental central index also available 'along the wires' provides claimants with details of all available benefits. Thus, from this example, public administration is moving towards the acquisition of a high street, front-office presence in dealing with its customers, and supported by large scale (though reducing in staff numbers), concentrated, back-office clerical and computing functions across the computer network.

Whilst, at the formal level, these organizational changes are best described as types of deconcentration, implying little change in the locus of policy and decision-making, emerging from them are implications too for more decentralized (in the sense of devolved) systems of government. The changing paradigm of public administration is clearly bringing with it a heavy emphasis upon customer responsiveness. In so doing, it might be argued, it becomes incumbent upon local units, and particularly local governments, to become more intensively informed about their customer bases as well as about their own operating costs. This suggests that a local comparative advantage may well be re-emerging in the UK polity as local government's long-cherished value of local responsiveness is increasingly able to be realized. In this way computer networks, and the information flows which they support, may well begin to combine with the changing paradigm within which public administration finds itself, to produce strong reasons for state decentralization. A long-standing debate has occurred over whether computing technologies are inherently a force for centralization or decentralization (e.g. Leavitt and Whistler 1958; Robey 1977; Kraemer and King 1979; Child 1984). This essentially technicistic perspective has most recently (Rose 1988; Kraemer and King 1989) been modified to view the technology as a 'moderating variable' in organizations or as the implement of strategic choice. In these perspectives organizational actors are viewed as shaping the role and use of the technology in the organization. A less rationalist and more political perspective would see the technology and applications of computer networks being implemented in an existing organizational/political culture and being shaped by it therefore. If that perspective is adopted then these technologies, and the information systems supported by them, may well begin to provide local units, including local governments, with a powerful new resource in their relationships with the centre.

7. CONCLUSION

The transformation of contemporary public administration is being enabled by the adoption of new information and communication technologies, specifically computer networks, and by the information systems and the flows of information which they carry upon them. These developments raise many profound questions for public administration, some of which are of immediate consequence and others of which are of concern in the short- and medium-term futures.

In the immediate context, and in the light of the examples used here, an information polity with its many attendant benefits appears to be developing.

Several caveats need to be made however. Firstly, the costs of developing some

of the information systems in public administration are vast. The GDN and its related departmental applications is a good example of this for it represents one of the largest civil computing projects ever developed in the UK. These systems require large-scale investment and their justification and subsequent funding solely from public funds is more difficult in times of public sector constraint. Furthermore, justification is made harder by the fact that there are few, if any, agreed criteria for judging the costs and benefits of new computing installations. One particularly detrimental consequence of this is that public organizations can become vulnerable to the powerful sales rhetoric of the large computer companies. Secondly, the maintenance and development of complex computing systems require high degrees of expertise. Public authority rates of pay make it hard to recruit and retain such expertise, once more leaving public bodies, in particular the computer services units, vulnerable to becoming tightly locked-in to the large computer companies and their proprietary products. Thus the 'customization' of software to suit local circumstance, for example, is difficult to achieve without the relevant expertise.

Thirdly, there is the growing concern with data security and the re-emerging implication which it holds for personal privacy. As large integrated telecommunications infrastructures, such as the GDN, are implemented, and as data interchange between government agencies and departments becomes more possible, so the privacy side of the customer-centredness perspective becomes of great concern and thereby the need to secure data and information effectively is raised up as a key issue.

In the longer term these information systems raise up many vital issues about the organizational shape of public administration, both vertically and horizontally. Vertically, the issue of decentralization suggests a re-balancing of the governmental relationship between the centre and its regions and localities. The 1980s has been a decade of 'centralist drift' in the UK polity. The next decade could equally be characterized by decentralization. Information systems endow localities (elected or otherwise) with the ability to manage their territories better, through the development of enhanced understanding of local circumstances and their ability to disaggregate service activity and to target policy implementation accordingly. If the present transformation of public administration continues, with its emphasis upon customer centredness, then decentralized forms of administration could emerge as the model of the 1990s.

Horizontally, or functionally, information systems also permit organizational change and innovation. The fragmentation of government into agencies is one manifestation, and, in that context, locational and management issues emerge as highly significant. Thus, for example, in a newly deconcentrated system, 'high decision-making' may well remain largely based in the south-east of England, or in other parts of the country which can effectively support professional work, whilst lower paid back office functions are dispersed to the economic periphery.

Perhaps the biggest management challenge emerging from these processes of transformation lies in the effective management of functional and thereby policy integration. The ability of public administration agencies to bring together services at the point of the customer is made more possible through the use of common

information bases, themselves made available via networked computing. High degrees of functional integration require imaginative, innovative management which, in bringing new structures into being, is posing a powerful challenge to existing professionalized domains of activity.

In short, therefore, where the concern of public administration is to be responsive to citizens and customer groups the enabling technology of computer networks provides a suitably decentralized solution. Where the concern is one of gaining or retaining management controls in an agency model of public administration, then the technology will permit the organizational form implied. Whilst the technology can enable change in these ways, however, the delivery of innovation requires deep organizational change and for public administration it is here that the main political and management challenges lie.

Public administration is changing, and new technologies are playing an important role in those changes. Ultimately technological potentialities may sharpen the focus of policy-makers over key questions about the kind of public administration required.

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COMPULSORY COMPETITIVE TENDERING IN LOCAL GOVERNMENT: THE FIRST ROUND

JOE PAINTER

This article presents the results of a survey of the initial impact of compulsory competitive tendering (CCT) under the Local Government Act 1988. After an outline of the provisions of the legislation and the mechanisms for their implementation the outcome of the first round of CCT is described. While most services have been retained in the public sector, a number of authorities have chosen to use private contractors. Differences in the patterns between different types of authority are examined. Finally, the paper considers the prospects for subsequent phases of CCT.

INTRODUCTION

This article presents the results of a survey of the initial impact of the Local Government Act 1988, which forces local councils and specified public bodies to compete with other organizations for the right to deliver a variety of local services. It is widely regarded as one of the most significant of a series of legislative measures seeking to modify the powers of local government in Britain. The government claims that it will usher in a new era of streamlined local administration, based on the efficient provision of services well adapted to the needs of local people, and reduce the costs to poll tax payers. Many local authorities and trade unions are of the view that it will result in poorer services, cuts in jobs and wages and a loss of democratic accountability.

Compulsory, competitive tendering (CCT), as it is known, is being phased in over a period of five years. The first round of contracts were awarded to start in August 1989 and this article focuses on the results of that first round. Evidence has been collected from a number of published sources, and from these it has been possible to gain some idea of the effects of the first round. It should, however, be stressed that this does not provide a secure basis on which to predict the outcome of subsequent rounds. This is partly because the information is still incomplete,

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and partly because the parties involved in the process are continually learning, and adapting their policies and practices.

In what follows, I outline the background to the legislation and the political logic behind it and describe the provisions of the Act and the way they are implemented in practice. I then present the survey data on the outcome of the first round, and focus in particular on differences between services and between local authorities. I also examine the more limited evidence available on the extent of private sector competition and the impact on jobs and services.

Finally, I conclude by considering some prospects for the future. It is argued that CCT has so far not led to widespread privatization, and that that which has occurred is concentrated in particular types of authorities and areas of the country. However, there are indications that it has led to cost-cutting even where services are retained in the public sector. The full implementation of CCT could potentially see the gradual privatization of local government services.

THE LOCAL GOVERNMENT ACT 1988

Background

Since coming to power in 1979, the Conservative government under Margaret Thatcher has made efforts to encourage and cajole local authorities in Britain to increase the extent of the private provision of local services. In 1980, the Local Government Planning and Land Act made competitive tendering compulsory for some housing maintenance and highways work. The Local Government Act 1988, however, represents the most systematic attempt to date to force local councils to compete for the right to deliver services such as refuse collection and school meals.

This recourse to legislation seems to have been motivated by disappointment with the failure of most authorities to follow the lead of radical 'new right' councils such as Southend District Council and the London Borough of Wandsworth (Ascher 1987, pp. 33-4). In Southend, refuse collection was contracted out to a private company, Exclusive Cleaning, in 1981. In Wandsworth, Pritchard Services took over the street cleaning contract in 1982. The role of Wandsworth Council is particularly significant. During its early privatization initiatives the Council Leader was Christopher Chope, who entered Parliament following the General Election of 1983 and later became a local government minister in the Department of the Environment. The arguments put forward by Chope and others eventually convinced the government that it should legislate.

The rationale behind the Act can be best understood in relation to the overall thrust of Conservative policy during the 1980s. It is motivated by the government's general aims of cutting public expenditure, reducing the size of the public sector of the economy and constraining the power of the trade unions. In addition, by exerting increased central control over what activities local authorities may legitimately undertake, the government is attempting to prevent the emergence of sites of dissent around the alternative policies of the urban left.

The government argues that local authorities should not be able to use their relative autonomy from the central state to increase public expenditure or retain service

production in the public sector when central government policy is to reduce both public expenditure and the size of the public sector. In other words the policies of local councils are seen as subordinate to those of national government. Similarly, councils should not be allowed to 'shield' the public sector trade unions from the impact of market forces during a period when central government policy is aimed at shifting the balance of industrial relations legislation towards employers and private industry.

The Local Government Act 1988 seems intended to have two effects. Firstly, unless there are clear reasons for doing otherwise, councils must accept the lowest tender. It is hoped that this will reduce overall expenditure. Secondly, the increased use of private service producers will enlarge the private sector of the economy at the expense of the public sector.

The Act is also an attack on what the 'new right' sees as the malign influence exerted by trade unions. The then Environment Secretary, Nicholas Ridley, made the link explicitly:

The root cause of rotten local services lies in the grip which local government unions have over those services in many parts of the country. ... Our competitive tendering provisions will smash that grip once and for all. The consumer will get better quality services at lower cost (*Local Government Chronicle* 4 April 1989, p. 1).

Some of the public sector trade unions have been quick to recognize this threat, and in many areas it is trade unionists who have been most innovative in responding to the challenge of competitive tendering.

The provisions of the Act

The preamble to the Bill which became the 1988 Act states that the legislation aims (among other things) 'to secure that local and other public bodies undertake certain activities only if they can do so competitively' (Department of the Environment 1987, p. 1). The provisions relating to compulsory competitive tendering (CCT) are to be found in Part 1 of the Bill, which 'requires local authorities... who wish to afford their own staff the opportunity of carrying out certain activities to expose the activities to competitive tendering' (Department of the Environment 1987, p. i). Thus CCT is already biased in favour of the private sector, since the time-consuming and costly tendering procedure is only required if the council wishes to try to retain services in-house. If the council decides simply to privatize a service, then it does not have to engage in a competition at all.

The Act first identifies which institutions are covered by the rules. It then lists the seven services which are subject to CCT. These are:

- 1 refuse collection
- 2 building cleaning
- 3 other cleaning (mainly street cleaning)
- 4 schools and welfare catering
- 5 other catering (for example staff canteens)
- 6 grounds maintenance
- 7 vehicle maintenance.

The Act gives the Secretary of State the power to add more activities to the list at any time, and the management of sports and leisure facilities will be covered as well.

Under the Act, a local authority may not carry out these services in-house unless it abides by six conditions. The conditions are as follows:

1 The local authority must publish a notice in the local and trade press. The notice must state: (i) what work is involved; (ii) when and where a detailed specification can be inspected; (iii) that a copy of the specification may be obtained at a stated price; (iv) that those wishing to tender should notify the council; and (v) that the council will invite tenders to carry out the work.

2 The times, places and price for inspecting and obtaining the specification and tendering for the work must be 'reasonable', and the authority must actually make copies of the specification available. The specification must state when the contract will operate.

3 If any companies express interest, the council must invite at least three of them to tender for the work. If fewer than four companies are interested they must all be invited. The invitation must be issued between three and six months after the press notice was published.

4 The authority must prepare a written bid from its direct service organization (DSO).

5 The authority must not act in an 'uncompetitive' or 'anti-competitive way'.

6 The direct service organization must follow the specification.

There are three main exclusions to the legislation. The rules do not apply when the work is a minor part of the job of someone who mainly does other things, or when the work is done in an emergency, or if the value of the work is below a certain limit. The last exclusion (known as the *de minimis* rule) has the effect of exempting quite a number of small, mainly rural, authorities from CCT for at least some of the services.

The Act also insists that authorities set up separate trading accounts for the various services, and that they operate according to certain financial targets specified by the Secretary of State. In the case of building cleaning the target is to break even, while the other services have to produce a return on the capital they employ. This has two implications. The first is that since companies have no such compulsory targets, they can undercut local authorities by reducing their profit margins, at least for a period. The same option is not open to the DSO. The second implication is that financial criteria are accorded priority in assessing the work of DSOs, and that questions of employment practice, democratic control over services, social desirability and effectiveness are subordinated to those of financial 'efficiency'.

Finally, local authorities are not allowed to take 'non-commercial' criteria into consideration when awarding the contracts. For example, they may not insist that the workforce be paid at nationally agreed wage rates, nor that it be unionized. Neither may they write equal opportunities clauses into the contract, nor decline to award a tender on the grounds that the company is South African owned.

When the CCT proposals were originally drawn up, the private contractors likely

to bid for local authority contracts put pressure on the government not to flood the market. This resulted in a phased introduction. For grounds maintenance, each authority had to put at least 20 per cent of its work out to tender by 1 January 1990, and a further 20 per cent by the beginning of each year until 1 January 1994. (Note that these are minimum proportions. Some authorities have already tendered all their grounds maintenance work.) For all the other services, tendering is being phased in over a three-year period. Local authorities have been randomly allocated to different groups. A timetable has been drawn up for each group, detailing which services must be put up to tender at which point. Contracts start at six-month intervals. The first contracts began on 1 August 1989, the second ones on 1 January 1990, and so on until 1 January 1992. Table one gives two examples of timetables for phasing in CCT. Contracts are usually awarded for a four- or five-year period. This means that in many authorities as soon as the first phase of CCT has been completed in 1992 or 1993, it will be time to start all over again with second contracts for the services which were first to be put up to tender.

TABLE 1 Examples of timetables for CCT implementation

Date	Hyndburn DC		LB Camden	
1/8/89	School and welfare catering		Refuse collection	
	Other catering			
1/1/90	Vehicle maintenance		Street cleaning	
	Grounds maintenance	(20%)	Grounds maintenance	(20%)
1/8/90	Refuse collection		Building cleaning	
1/1/91	Street cleaning		Other catering	
	Grounds maintenance	(20%)	Grounds maintenance	(20%)
1/8/91	Building cleaning		School and welfare catering	
1/1/92	Grounds maintenance	(20%)	Vehicle maintenance	
			Grounds maintenance	(20%)
1/1/93	Grounds maintenance	(20%)	Grounds maintenance	(20%)
1/1/94	Grounds maintenance	(20%)	Grounds maintenance	(20%)

Source: GMB.

The compulsory tendering procedure

Implementing the provisions of the Act involves a seven-stage procedure on the part of the authorities concerned. The timing of the stages given here is that suggested by the local authority associations (Association of Metropolitan Authorities *et al.* 1988).

Stage one: prepare service profile. Although it is not a requirement of the Act, this initial stage is important because it allows the local authority to make a comprehensive assessment of the service it currently provides, and thereby to identify where improvements can be made. To ensure that all views are considered, some councils have involved groups of users and trade union representatives in this review.

Stage two: prepare specification. Nine months before contracts are due to start the local authority draws up a specification describing in detail the work involved.

For example, in the case of a refuse collection contract, the specification is likely to cover how often dustbins must be emptied, what type of bin should be used, where it should be collected from and so on. Some authorities have used the specification to raise the standards of service currently being provided.

Stage three: advertise for interested contractors. About eight months before contracts start the authority must place advertisements in the local press and the trade press relating to the service in question as described above. Some authorities may then choose to vet the interested contractors and draw up a select list of approved companies.

Stage four: issue invitations to tender. Between six and three months before contracts start, the local authority must invite at least three contractors to tender for the work. If fewer than four are interested then all must be invited, however in this case the authority is allowed to inform a company that it does not reach the standards for select listing and qualification for tender. The companies concerned will then (if they so choose) submit a bid to carry out the contract according to the specification.

Stage five: prepare and submit in-house bid. At the same time, the council's own DSO must draw up its bid and submit it to the 'client side' of the authority.

Stage six: evaluate bids and award contract. When the deadline for the receipt of bids has passed, the chair of the relevant committee in the authority opens the tenders and evaluates them according to various criteria. These include the accuracy of the arithmetic, the ability of the contractor to carry out the specified work, whether the bid matches the specification and so on. The client department should also evaluate in detail the overall effect on the authority's finances of awarding the contract to an outside agency. Following evaluation, the contract is awarded. The authority does not have to award the contract to the lowest bidder, but it must have 'good reasons' for failing to do so.

Stage seven: monitor contract. Finally the contract starts and the client department monitors the work to ensure that the specification is being met. This monitoring occurs whether the service is contracted-out, or retained in-house.

Each of these stages must be gone through for each six-monthly round or 'tranche' of contracts.

THE OUTCOME OF THE FIRST ROUND

The survey

The first round of contracts under the Local Government Act 1988 started on 1 August 1989. Initial reports that a majority were being won by in-house workforces are confirmed by more comprehensive surveys. I have collated and analysed the results of these surveys to gain a broad picture of the outcome of this first phase. (The sources used for the survey were as follows: GMB 1989; NUPE/NALGO Local Government Privatisation Research Unit 1989a and b; *Municipal Journal* 1989a, b, and c.)

There are 514 local authorities in Britain, made up as follows:

First tier:	39 English County Councils (CCs)
	8 Welsh County Councils
	9 Scottish Regional Councils (RCs)
	3 Scottish Island Councils (ICs)
Second tier:	The City of London
	32 London Borough Councils (LBCs)
	36 English Metropolitan District (or Borough) Councils (MDCs)
	296 English District Councils (DCs)
	37 Welsh District Councils
	53 Scottish District Councils

Some information relating to the first round of CCT was available for 322 of the 449 councils in England and Wales (72 per cent) and 40 out of the 65 councils in Scotland (62 per cent). In the case of England and Wales 52 of the 322 councils (16 per cent) fell within the *de minimis* regulations and were not required to go through CCT in the first round. In Scotland this was the case for 11 of the 40 councils on which there is information (28 per cent). For Britain as a whole, therefore, there is information on 70 per cent of all councils. Of these, 17 per cent were exempt under the *de minimis* rule.

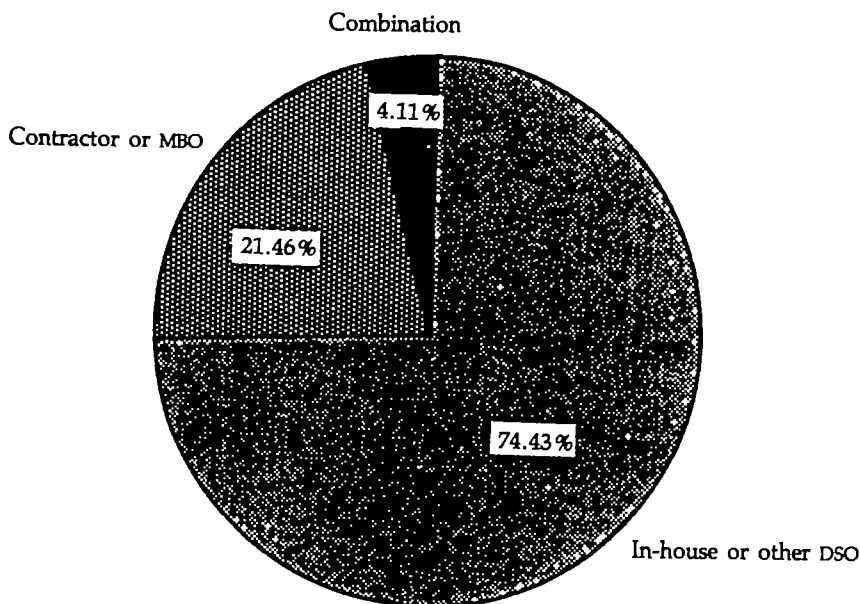
Thus the survey covers contracts awarded by 299 local authorities. It does not cover the results of CCT in the other public authorities which are also affected, such as the new town development corporations, the police and fire authorities or the passenger transport authorities. Between them these councils put a total of 438 services up for tender in the first round. (The number of *contracts* may be slightly different because some authorities have placed two or more services in one contract, while others have divided a service up into a number of separate contracts.) In analysing the awarding of contracts I have adopted a number of conventions to simplify the classification. Where the management of a DSO has bought the operation from the council (management buy-out – MBO) it is treated as privatization. By contrast, where the contract has been won by another council's DSO it is classified as in-house on the grounds that the work remains within the public sector. Where this occurs, it is often simply the formalization of an existing 'cross-boundary' arrangement. Where a service has been put up for tender as more than one contract, and where this has led to partial contracting-out, the service has been classified as 'combination'.

Figure 1 analyses all the 438 services tendered according to the proportion that have stayed in-house, been contracted-out, or a combination of both. The chart confirms initial press reports that the majority of contracts have been awarded in-house.

Information concerning the terms and conditions under which the contracts were won is much less comprehensive, and the data presented here should be treated with caution. Information on the extent of cuts is available for only 85 out of the 438 tenders. 'Cuts' here refers to reductions in staffing or wages, or a deterioration in conditions of employment or levels of service. Of the 85 services

for which information is available, 67 were won in-house, 13 went to a private contractor, and the other five were a combination of the two. In the case of the in-house wins, 18 involved no cuts and 49 had some cuts. For services which were contracted-out, 12 involved some cuts, while one did not. The five services which were a combination all involved cuts.

FIGURE 1 *Proportion of services won in-house or contracted-out (Great Britain, all services) August 1989*

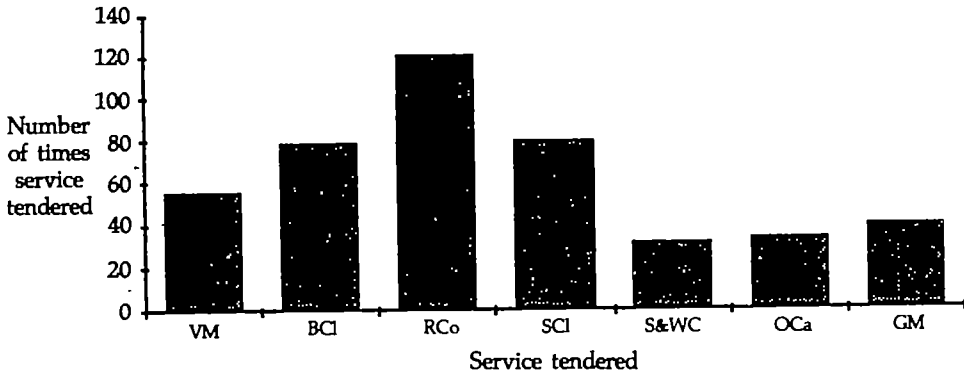


However this cannot be regarded as a representative sample, because there is likely to be a systematic bias in the reporting of cuts. On the other hand the fact that a significant number of awards have involved some deterioration in services or employment conditions, does indicate that early warnings by trade unions and local authority associations about the likely impact of CCT have not yet been proved wrong.

The broad picture of roughly three-quarters of services being retained in-house disguises considerable variations between the seven different services and between different types of authority. The next section considers some of these variations.

Differences between services

The first difference between services concerns the frequency with which they are put out to tender. Many authorities have chosen to tender more services than those they are obliged to by law. Refuse collection and street cleaning are noticeably popular objects of tendering. Similarly, no authority was obliged to tender its grounds maintenance until January 1990, but quite a number did so in 1989. Figure 2 shows how many times the different services have been subject to competitive tendering.

FIGURE 2 *Number of times different services have been put up to tender*

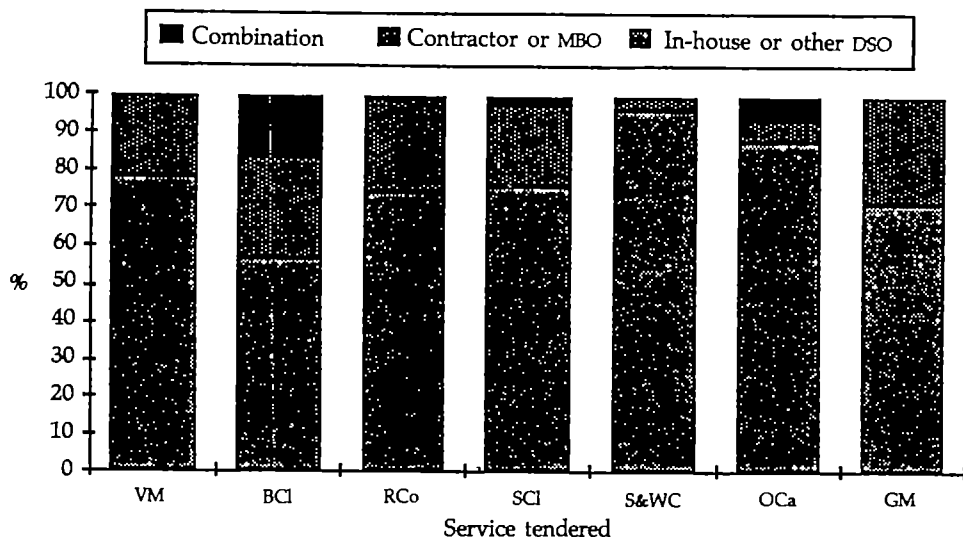
Key: VM=vehicle maintenance; BCI=building cleaning; RCo=refuse collection; SCI=street cleaning; S&WC=school and welfare catering; OCa=other catering; GM=grounds maintenance.

The second major difference between services concerns the proportion of tenders which have been won in-house. The proportions vary from a high of 97 per cent in-house for school and welfare catering to a low of 57 per cent in-house in the case of building cleaning. Figure 3 shows the proportion of the different services tendered which were awarded in-house or contracted-out. The substantial variation seems to reflect a number of factors. In school and welfare catering, for example, the specialist nature of some of the equipment required, the relatively low profit margins, the large size of many contracts and relative lack of experience on the part of contractors has led to only limited interest from the private sector. By contrast in building cleaning, low levels of unionization and high levels of casualization are combined with low entry thresholds and a relatively well-developed private sector. This has led to much greater competition from contractors.

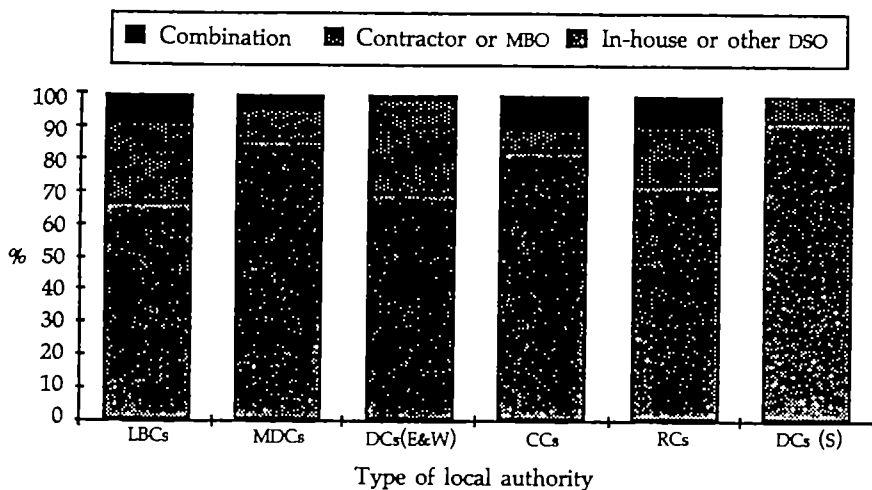
Differences between authorities

In addition to the differences between services, there are also differences between councils of different types. This is a reflection partly of the different responsibilities of the various tiers of local government, and partly of differences in political complexion between types of authorities. The information is presented in figure 4.

Somewhat surprisingly, the category with the lowest proportion of in-house wins was that of London borough councils. This seems to reflect the fact that while there are a large number of left-wing councils in London with a commitment to the public provision of services, the city also contains some of the foremost advocates of private sector provision, councils such as Westminster, Wandsworth and Merton. The use of a combination of private and public service producers tends to be a feature of large authorities like counties and metropolitan districts. This is probably accounted for by councils dividing up larger services into a number of smaller contracts. The highest rates of in-house wins are to be found among

FIGURE 3 *Proportions of in-house and private contractor wins for different services (Great Britain)*

Key: See figure 2.

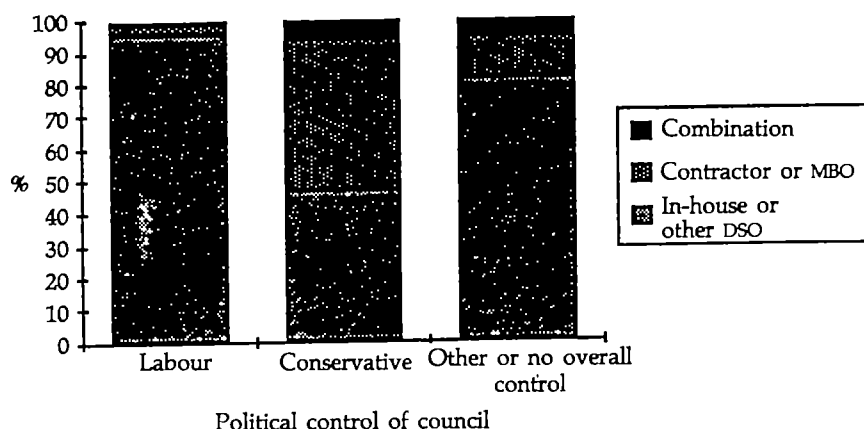
FIGURE 4 *Proportions of services won in-house and contracted-out, according to type of local authority*

Key: LBCs=London borough councils; MDCs=metropolitan district councils; DCs (E&W)=English and Welsh district councils; CCs=English and Welsh county councils; RCs=Scottish regional councils; DCs (S)=Scottish district councils.

the metropolitan district and Scottish district councils. This seems to reflect the fact that most of these types of councils are Labour controlled. (See also figures 5 and 6.) They are also located in areas where the trade union movement is particularly strong, and this may have deterred private contractors. There is some evidence that this occurred on Tyneside, for example. One anomaly is the rather lower proportion of in-house wins among the Scottish regional councils. However, it should be born in mind that these data relate to only a handful of contracts awarded by the Scottish regional councils, and cannot be regarded as representative.

Finally, the pattern of contract wins varied very significantly according to the political complexion of the authority. The survey data have been broken down according to whether each council is controlled by the Labour, Conservative or other parties. (Where a council had no overall control it is included in the category of other parties.)

FIGURE 5 *Proportion of services won in-house or contracted out by political control of local authorities*



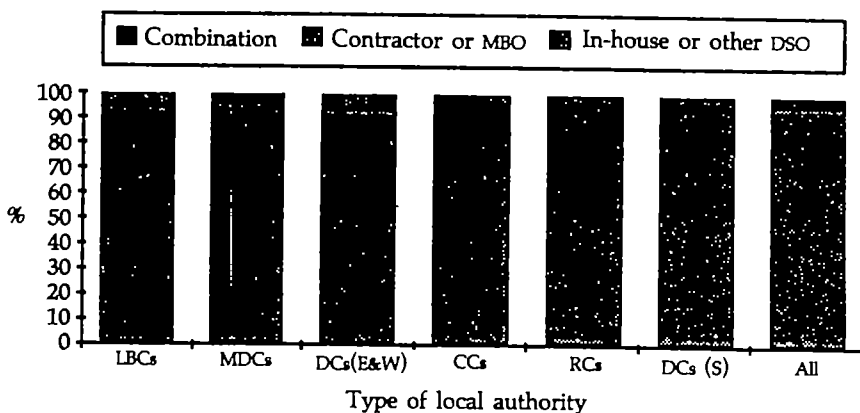
Source: *Municipal Yearbook 1989*.

Figure 5 shows that only a tiny minority of services covered by the survey were contracted-out when the council was Labour controlled. This is in stark contrast to the position for Conservative-controlled authorities where complete or partial privatization was introduced in over half of all services. As well as councils which are 'effectively hung' the category of 'others' includes a small number of councils controlled by the Social and Liberal Democrats, together with councils which were nominally 'hung' but in practice are controlled by one party with the support of independents. There is further variation between different types of local authorities, even where the same party is in control. This is shown in figures 6 to 8.

Figure 8 shows that in Scotland and among English and Welsh county councils there were no cases of Labour-controlled authorities contracting out a service. By contrast, Conservative authorities of all types were involved in privatization, except

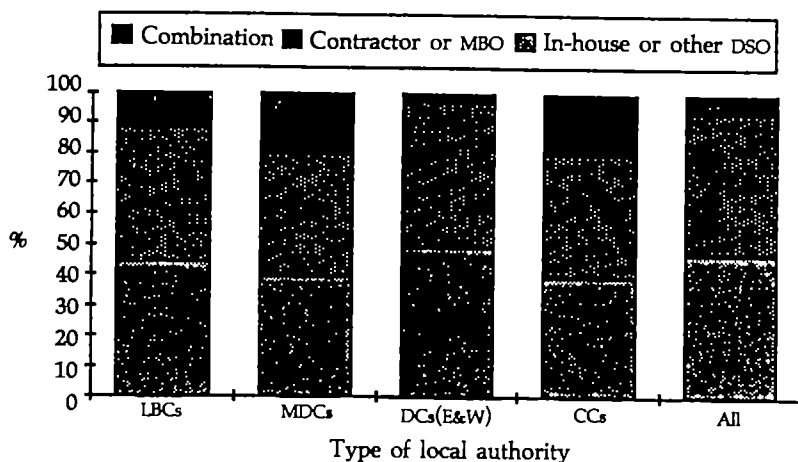
in Scotland, where no Conservative authority covered by the survey awarded any contracts at all. In the case of councils with no overall control, or where control was exercised by another party, the rate of in-house wins was notably higher in non-metropolitan district councils and county councils, than in London, the metropolitan districts and the Scottish regions.

FIGURE 6 *Proportion of services won in-house or contracted out: Labour-controlled authorities*

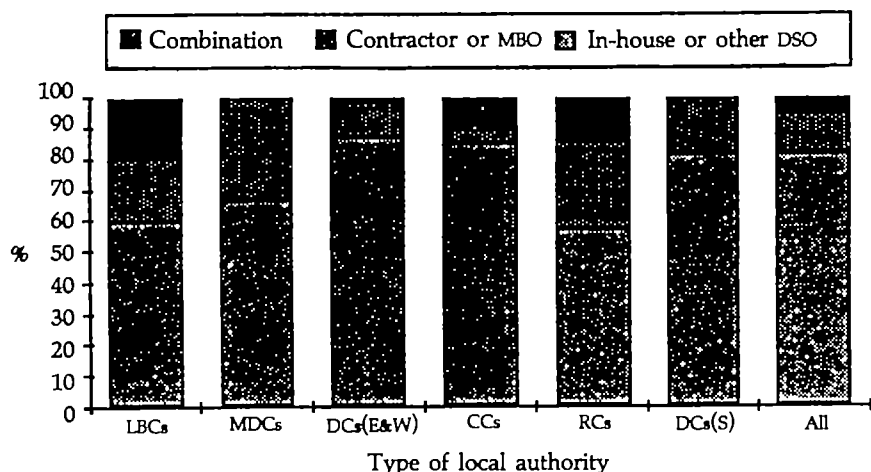


Key: See figure 4.

FIGURE 7 *Proportion of services won in-house or contracted out: Conservative-controlled authorities*



Key: See figure 4.

FIGURE 8 *Proportion of services won in-house or contracted out: authorities with other party control or no overall control*

Key: See figure 4.

The extent of competition

The information on the extent of competition from the private sector is somewhat patchy. Services were awarded in-house on 326 occasions. Information was obtained concerning the degree of competition for 102 of these cases. However, this should not be regarded as a representative sample, because the reporting of competition is liable to be subject to systematic bias. It might, for example, be more likely that information on competition is reported when competition is strong, than when it is weak, or non-existent.

TABLE 2 *The reported extent of competition in the case of in-house wins (Great Britain)*

Service:	VM	BCI	RCo	SCI	S&WC	OCa	GM	Total
No competitors:	3	4	8	1	10	3	0	29
One or more competitors	4	7	34	16	3	4	5	73
Total:	7	11	42	17	13	7	5	102

Key: See figure 2.

Nonetheless, the data available give a number of interesting insights into the impact of CCT. Table 2 gives a breakdown of the 102 cases according to whether competition was present or not. The variation in the figures given here reflects variations in the extent of tendering for each service. Thus the 34 cases of reported competition for refuse collection do not imply that competition was necessarily fiercer in this service than in building cleaning with only seven cases. In order to compare the services properly it is necessary to consider the *proportion* of cases reporting competition in each service. Table 3 shows the reported instances of competition as a proportion of the number of in-house wins.

TABLE 3 The reported extent of competition as a percentage of in-house wins (Great Britain)

<i>Service:</i>	<i>VM</i> %	<i>BCI</i> %	<i>RCo</i> %	<i>SCI</i> %	<i>S&WC</i> %	<i>OCa</i> %	<i>GM</i> %	<i>Total</i> %
Cases with no information available:	84	75	53	72	57	76	82	69
Cases reporting no competitors:	7	9	9	2	33	10	0	9
Cases reporting one or more competitors:	9	16	38	26	10	14	18	22
Total:	100	100	100	100	100	100	100	100

Key: See figure 2.

Table 3 shows that competition was reported in 22 per cent of all in-house wins, and that there was no competition in at least 9 per cent of in-house wins. There is no information available on the existence or otherwise of competition for the remaining 69 per cent. The figures suggest that competition is most intense in the case of refuse collection and street cleaning. If this information is compared with figure 3, which shows the proportion of in-house wins for each service, it is clear that there is no consistent relationship between the extent of reported competition, and the proportion of services won in-house. In the case of building cleaning, for example, only limited competition was reported in those cases where the contract was won in-house, and yet the relatively low number of in-house wins suggests that competition was intense. Of course, the rate at which contracts are retained in-house is also influenced by competitive pressures in those cases where the in-house bid loses. Assuming that nearly all authorities entered an in-house bid, then by definition cases where the service was contracted-out were subject to competition. If table 3 is recalculated on this basis, the results shown in table 4 are obtained.

Table 4 suggests that when privatized contracts are included, the level of competition is highest in refuse collection and building cleaning, and lowest in catering. This in turn seems to reflect differences between sectors. Private contracting is much better developed in refuse collection, for example, than in school meals. This is further reflected in the limited data available regarding the number of competitors for each contract (see table 5). The greater intensity of competition in the refuse collection sector is shown in table 5 by the high proportion of cases in which there was more than one competitor. By contrast, in catering and vehicle maintenance there were no reported instances of more than one competitor for the in-house team.

TABLE 4 The extent of reported competition in the first round of CCT (Great Britain)

<i>Service:</i>	<i>VM</i> %	<i>BCI</i> %	<i>RCo</i> %	<i>SCI</i> %	<i>S&WC</i> %	<i>OCa</i> %	<i>GM</i> %	<i>Total</i> %
Cases with no information available:	66	43	39	55	55	67	59	51
Cases reporting no competitors:	5	5	7	1	32	9	0	7
Cases reporting one or more competitors:	29	52	54	44	13	24	41	42
Total:	100	100	100	100	100	100	100	100

Key: See figure 2.

Note: These are minimum estimates. It is likely that some of the in-house wins for which there are no data available involved competition from contractors.

Where firms expressed an interest but failed to finally submit a tender, the authority is recorded as having no competitors. However, this is not strictly the same as no competition, since local authorities may use the threat of competition to force the workforce to accept deterioration in terms and conditions of employment. In a number of cases this occurred even when there was no interest from private contractors at all. It seems clear that some authorities are using CCT not as a means to privatize their services, but as a way of introducing organizational change which would otherwise have been more strongly resisted by the workforce.

TABLE 5 Numbers of competitors faced by DSOs: in-house wins only (Great Britain)

<i>Service:</i>	<i>VM</i>	<i>BCI</i>	<i>RCo</i>	<i>SCI</i>	<i>S&WC</i>	<i>OCa</i>	<i>GM</i>	<i>Total</i>
Unspecified number of competitors:	3	5	12	5	2	4	4	35
1 competitor:	1	0	10	5	1	0	0	17
2 competitors:	0	0	5	3	0	0	0	8
3 or more competitors:	0	2	7	3	0	0	1	13

Key: See figure 2.

The impact on jobs and services

Some information on the overall extent of cuts has been considered above, though at this stage any analysis of the effect of these cuts must be regarded as provisional. More detailed data concerning the severity of cuts and whether they were focused on jobs, wages or service levels are only available sporadically. However, the available information suggests that there has been a net loss of jobs as a result of the implementation of CCT around the country. While nationally agreed levels of pay and service conditions for council workers have been retained in many authorities, they have very rarely been enhanced. Where change has come it has generally involved deterioration in employment terms and conditions. By the same token then, the numbers employed in tendered services have only infrequently been increased following CCT. In general, changes in the numbers of jobs have meant cuts.

It is really too early to assess the impact on the levels of service provision. This will depend on two factors. Firstly, it will depend on the content of the specification. This is largely determined by the officers and members of the councils. In some circumstances councils may choose to use the specification mechanism to raise the level of service above what was provided in the past. In others, the specification may be used to simply maintain, or even to reduce the quantity and/or quality of council services. The second factor is the extent to which the specification is followed. This in turn depends on the capacity and willingness of the contractor or DSO to implement the specification, and (crucially) on the diligence with which the specification is monitored by the client department.

The sketchy nature of the available evidence on the levels of cuts means that it would be misleading to attempt to provide an overview at this stage. However, the impact of CCT in this area may be illustrated by considering a number of examples, which, while not necessarily typical, do indicate possible future trends.

The wide variation in the impact of the first round is partly of course the consequence of pre-existing differences in staffing levels, service standards and conditions of service. However, it also reflects the political attitudes of different authorities

towards the implementation of the legislation. A crude distinction may be drawn between four different types of local authorities.

New right. First, there are councils who wish to move towards the 'new right' model of local government, with a very small core staff whose main function as far as local services are concerned is to award tenders and monitor contracts performed by private contractors. These authorities, still few in number, might be termed 'keen privatizers'. They are almost always Conservative controlled. They include high profile privatizers such as the inner London boroughs of Wandsworth and Westminster, and the northern city of Bradford.

Non-committal. Secondly, there is a large group of authorities who do not have a well-developed ideological commitment to privatization, but nor are they determined to retain services in the public sector. They are content to let the tendering process take its course and produce either outcome. These authorities also tend to be Conservative. This group probably contains many of the rural district councils in which the bulk of contracting-out has occurred.

In-house commitment. By contrast, the third category contains both Conservative and Labour authorities. Councils in this group have made an explicit commitment to retain services in-house, but are prepared to cut wages, conditions or jobs, if that is deemed 'necessary' to win the tender. An example is the London Borough of Harrow, which retained its school meals contract in-house after cutting the wages of its staff by 20 per cent. The existence of this group highlights the extent to which the impact of CCT is not simply a matter of public versus private provision. It shows that there can be many forms of public provision, with very different implications for the people who work in the services, and for the services themselves.

In-house commitment without cuts. Finally, there are those authorities, largely Labour-controlled, who have both a political commitment to public sector provision, and a determination to enhance services, and maintain employment levels, wages and conditions for the workforce. Insofar as they wish to bring about change this is done on the basis of negotiation and agreement with the workforce and their trade unions. Examples of this type of authority include Sheffield and Manchester City Councils.

Thus the way in which the competitive tendering legislation works out on the ground, as it were, can vary very significantly depending on the political attitude of the authority, as well as on trade union activity and the level of private sector competition. However, it remains to be seen how far this will be representative of future developments, as the second and subsequent rounds take effect.

FUTURE PROSPECTS

The main conclusions to be drawn from the survey discussed above are as follows. The overall picture is of three-quarters of contracts being retained in-house. This has been widely interpreted as a victory for those committed to the public provision of local services. However, the broad picture conceals a host of differences between different authorities and services. In the first place, it is clear that where services have been retained in-house this has often been on the basis of budget cuts.

Cuts were actually reported in 15 per cent of the in-house 'wins' covered by the survey. When it is remembered that information on the existence or otherwise of cuts was only available for 21 per cent of such cases, there is clearly no room for complacency. Furthermore, budget cuts were not restricted to councils dominated by the 'new right', or even to Conservative councils in general. In some cases, budget reductions may have been enabled by genuine improvements in work organization, or cuts in unnecessary overheads. All too often, however, it is clear that they have meant cuts in jobs, hours worked or pay and conditions. When this happens it is often women workers who bear the brunt. Firstly, a majority of the jobs affected by CCT are done by women. Secondly, women are concentrated in jobs which are often part-time or part-year. These types of jobs are particularly vulnerable to changes in terms and conditions. One increasingly common practice, for example, is to remove or reduce the retainer paid to school meals staff during school holidays. (Though in the light of the limited competition for school meals contracts this policy may be seen to have been unnecessary on grounds of competitiveness alone.)

It is less clear how far standards of service will suffer. Initial opposition to local government privatization in the early 1980s was focused around the inadequacies of the service provided by private contractors. However, with the greater emphasis that is now being placed on specification and monitoring procedures this may prove to be less of a problem in the future. This does not mean, however, that there are *no* intrinsic disadvantages to using private contractors.

In addition to the problem of cuts, there are variations between different services and different authorities. The level of in-house wins is generally highest in the case of school meals, and lowest for building cleaning for reasons mentioned above. (Paradoxically these services are the two biggest employers of women of all the services affected by CCT). This pattern could lead to a form of dual service provision in local authorities, in which certain services are characteristically provided by private contractors while others are retained within the public sector.

The differences between authorities of different political complexions are stark, if predictable. Labour-controlled authorities have overwhelmingly retained services in-house, though yet again this has sometimes involved a deterioration in the terms and conditions of employment for the workers, and/or job losses. Conservative authorities have been the most enthusiastic privatizers, though whether this is from political commitment to private provision, or simply as a means to save money varies from council to council.

Numerically, contracting-out has been concentrated in Conservative-dominated shires of England and Wales. The survey covers 94 instances of services being contracted-out to the private sector. Of these, 62, or 66 per cent, were in Conservative-controlled, non-metropolitan district councils. These councils are concentrated in the rural areas and towns of southern England. This raises an important question as far as the wider implications of the first round of CCT are concerned. Namely, will contracting out remain confined to the Conservative heartland, or have these authorities been selected as initial targets by the private sector to enable them to gain experience of the process of CCT, and of working

to public sector specifications before moving on to tackle the stonier ground of the large industrial cities, London and Scotland in the second and subsequent rounds. Private contractors have not had widespread success in London so far. However, London is significant in local government privatization because of the presence of high-profile 'new right' councils. Though few in number their presence at the heart of the capital makes their role as models for other authorities particularly important. A definitive answer to this question will have to await the completion of the phasing-in period. However, there are a number of reasons for believing that the future may see the extension of private sector provision.

Firstly, the first round is effectively a learning process for all the parties involved. Companies will gain experience where they tender, and where they win. Even where they show no overt interest, they can still gain knowledge by observing the behaviour of DSOs and particularly the monetary level at which in-house bids are set. Of course, this is true also for the DSOs, but there is a sense in which contractors can afford to bide their time. They do not, as it were, have anything to prove. This means that in the first round they did not have to try too hard. The private sector can learn its lessons and select its targets as it sees fit. By contrast, the DSOs have to fight every battle. If this is the case then it is hardly surprising that the first round was 'won' by DSOs, and it is likely that the competition will intensify in the future.

The second reason for the public sector to avoid complacency is related to the supply side conditions of the private contract service sector. At present, the industry is underdeveloped. It simply does not have the capacity to take on public sector work on a large scale. However, this is likely to change. The first round will provide the private sector with the opportunity to recruit and train new workforces, develop production processes and products, and accumulate capital for future infrastructural and plant investments. In the future, contractors are likely (in some if not all sectors) to be better placed to expand into local authority services.

Thirdly, the Local Government Act 1988 gives the Secretary of State very wide-ranging discretion to add more services to the list, to reprimand local authorities which engage in practices the government does not like and to change the rules of the game in favour of the private sector. There are very strong indications that these powers will be used, and this may well encourage the private sector to expand its sphere of influence.

If these processes do lead to intensifying competition in the future rounds of CCT, then one possible outcome is the gradual privatization of a large proportion of local government services. This outcome is not inevitable, but its effect would be profound.

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THE BUREAU-POLITICS OF CRISIS MANAGEMENT

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Bureau-political tensions and competition are an often neglected, yet crucial element in crisis management. Bureau-politics in crisis management runs counter to pervasive notions that portray centralization and concentration of power as the dominant mode of administrative response to crisis. This article presents empirical evidence suggesting the importance of bureau-politics in the planning, response and post-crisis stages of crisis management at both strategic and operational levels of action. Again contrary to conventional wisdom, it is argued that such interagency tensions may fulfill various positive functions: they put crisis agencies to the test; they serve to counteract 'groupthink' tendencies; they foster a certain degree of openness; and they may facilitate democratic control of far-reaching crisis management policies.

1. INTRODUCTION

One of the key challenges in contemporary public administration concerns the capacity of government to cope with extraordinary events and calamities of diverse kinds. As recent experiences in Great Britain and many other countries have shown, emergencies do have an important impact on communities, political institutions and administrative agencies. Examples in Britain include the UK inner-city riots, the Herald of Free Enterprise ferry disaster, the King's Cross Station fire, the Piper Alpha oil platform fire, the Hillsborough Stadium disaster, the Thames boat disaster, and the Winter 1990 storms and floods (Cook 1989). Internationally, recent high-profile crisis events include industrial catastrophes such as Bhopal, Chernobyl, and the Sandoz fire, the Challenger Space Shuttle explosion, the Heysel Stadium disaster, the dismantling of the Berlin Wall, the subsequent dissolution of the GDR, and the Gulf crisis and subsequent war. Allegations of unpreparedness and mishandling of emergencies impact on public trust in government. Investigation reports emerging in the wake of calamities also seriously question established routines, functions, policy proposals, and bureaucratic prestige; witness the final Taylor report (1989, 1990) on the Hillsborough tragedy and the consequent discrediting of the government's identity-card scheme for football spectators.

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Different types of crisis events include natural and technological disasters, civil disturbances, terrorist actions, acute international conflicts and nuclear threats. Crises refer to serious threats to basic social, institutional and organizational interests and structures. Moreover, fundamental values and norms can also be threatened. From an administrative point of view, crises necessitate critical decision-making under conditions of time pressure and considerable uncertainty (Rosenthal, 't Hart, Charles 1989, p. 10).

Conventional wisdom would expect government authorities to take effective and coordinated action in coping with crises as they occur. Further, conventional wisdom in public administration has it that, under crisis circumstances, government officials and public agencies put aside parochial interests to generate unanimity. Crises are supposed to provide a suitable context for the self-imposition of centralization, concentration of power and authority; crises generate the preconditions for constitutional dictatorship (Coleman 1977; Jackson 1976; Kouzmin 1980b, pp. 135–6; Linz and Stepan 1978; Rosenthal 1990, p. 403). Serious threat, uncertainty and acute time pressures are conditions adverse to routine processing of information, compliant behaviour, and functionally divided responsibilities (Hewitt 1983, p. 10; Lentner 1972; Rosenthal 1986; Rosenthal, 't Hart and Charles 1989, pp. 4–5). Similarly, under crisis conditions, concepts such as 'comprehensive' or 'integrated' disaster planning and emergency management (Perry 1985) and clichés such as 'the war against terrorism' become seductive. These propensities can easily lead to an uncritical support for excessive concentration of power within unitary governments or coercive coordination (Wilson 1975) as the only effective ways to cope with crises.

The argument here is that this does not fit with more sophisticated notions of crisis and what crisis management involves. Regarding the notion of threat, what some might perceive to be a self-evident crisis, may, in fact, be an event perceived differently by other agencies, actors and interest groups. If one accepts such a multi-actor perspective, the analysis of the nature and content of threat assumes a more complex and differentiated picture. In a simpler form, this amounts to the argument that a severe threat to a key actor or an agency, may, in fact, be an important opportunity for other actors, agencies and 'crisis victims'. With respect to time pressure, a multi-actor perspective accommodates diverging perceptions of the necessity for prompt action. With regard to reactions to uncertainty, or indeed surprise, a multi-actor perspective renders more complex typical crisis information-processing. A typical pathology in this regard is the 'crying-wolf' syndrome (Betts 1981, 1982); the neutralizing effect of repeated warnings about a surprise attack. Well-documented historical evidence bears out this phenomenon with examples such as the German invasion of the Netherlands in May 1940 (Mason 1963; Vanwelkenhuyzen 1982); the Japanese invasion of Pearl Harbor in December 1941 (Janis 1982; Wohlstetter 1962); and the Yom Kippur War of October 1973 (Ben-Zvi 1977; Handel 1976).

Having differentiated the key elements of crisis situations, due attention should be paid to the bureau-politics of crisis management. There is little evidence for the validity of the continuing normative assumption of overriding consensus,

unanimity and solidarity amongst actors or agencies involved in managing crisis events. Bureau-political activity, it is argued, may be associated with a concern for self-interest, institutional power or overzealousness in pursuit of what is defined by different agencies as the 'common cause'.

It will be argued that a bureau-political approach to crisis management is necessary. First of all, it is indispensable for empirically understanding governmental crisis management. In addition, a critical analysis of the functions and dysfunctions of bureaupolitics in crisis contexts makes it clear that the prevailing and pervasive negative evaluation of bureau-politics in crisis management is unfounded. It is argued that crisis management thinking needs to reconsider mechanistic notions of mono-centric, top-down government intervention, and acknowledge, amongst others, the problem-solving potentialities of polycentric approaches stressing interagency checks and balances. A crucial problem, however, remains the control of bureau-political processes; they may easily escalate to intense and sustained rivalry, producing endless turf battles, permanent stand-offs, and 'minimal' compromises, which diminish governmental coping capabilities.

2. BUREAUPOLITICS

The long-standing separation between 'politics' and 'administration' (Weber 1947; Wilson 1887) has contributed to the prominence of an ideology of administration in which civil servants and government departments or bureaus are depicted as competent and politically neutral officials administering the implementation of policy decisions. 'Administration' is about neutral competence; 'politics' is the domain of policy, conflict and ideology (Rosenthal 1990, pp. 392-5).

Policy analysis and public administration research have turned this conventional assumption around and have begun to recognize competing paradigms of organization and administration, including the reality of bureaucratic politics. In the last thirty years, empirical observations of policy making in government, as well as research into the political roles and functions of civil servants, have challenged the long-prevailing image of government bureaucracy as machinery of unitary, organized action (Gray and Jenkins 1985). In fact, bureau-politics does not pretend to be a 'new' perspective on government and bureaucracy. Political economists have acknowledged for some time that strategic behaviour by bureaucrats occurs, and that it might be better understood as self-interested utility-maximizing (Bendor and Moe 1985; Breton and Wintrobe 1982; Downs 1967; Niskanen 1971; Tullock 1965; Weiss 1987).

Even within organizational theory functional rationality has become less dominant. 'Garbage-can' theory (Cohen, March and Olsen 1972) and paradigm debates (Burrell and Morgan 1979) indicate how far organizational thinking has moved from the mechanistic and rationalistic traditions of eighteenth-century political theory, which had been recapitulated into classical organizational theory. The foundations of organizational theory are historically linked with the search by political theorists for order (Bacharach and Lowler 1980; Kouzmin 1980b, pp. 134-5; Pfeffer 1981; Rosenthal 1990; Waldo 1948; Wolin 1960). Organization is synonymous with order, but order and complexity can be expressed in different

ways (Wilson 1975). As Wilson argues, a theorist's view of complex structure in organizations as coercive or normative can make a significant and predictable difference to the way in which analysis of organizational dynamics proceeds. Adapted to the field of administration, this recognition highlights the fact that monocentrist models continue to accept the myth that hierarchy and authority are indispensable for coordination (Kouzman 1980a, pp. 74-5). On the other hand, polycentrist models of administration increasingly acknowledge the importance of conflict, diversity of interests and the need for negotiation and reciprocity in administration (Brown 1978; LaPorte, 1975; Ostrom 1974; Toonen 1983).

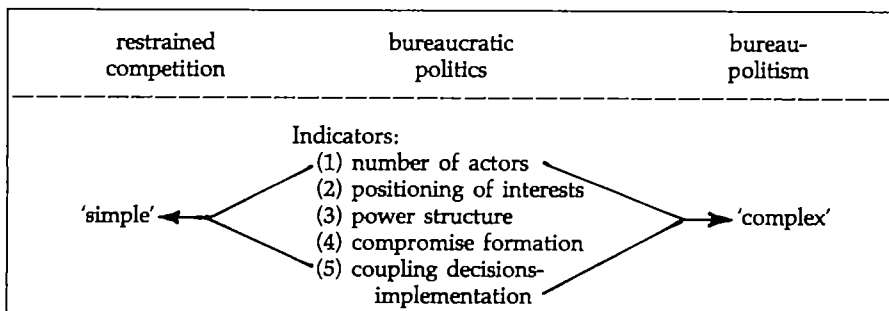
Given these developments, a bureau-political approach to public administration seems to be more appropriate. Indeed, it has recently been recommended that polycentrist and even bureau-political perspectives be used as more realistic frameworks for the restructuring and management of the governance process. This contrasts markedly with the conflict-free, comprehensive, rationalistic and top-down reform blueprints so long *en vogue* among students of public administration (Chisholm 1987; Kouzman and Scott 1990; March and Olsen 1983; Rosenthal 1988, pp. 30-7).

Analysing bureau-politics

Bureau-political 'models' try to integrate research data from very different disciplinary perspectives on government policy making. A bureau-political analysis presupposes a detailed breakdown of the policy process in order to identify key players in that process. It also acknowledges the fact that bureau-politics occurs in inter-organizational and intra-organizational settings. Competitive relations are not restricted merely to the interagency domain. Tensions do exist between departments, units or bureaus within a given focal organization, even if not directly observable, and as exemplified in the making of departmental budgets (Dunleavy 1989; Hillsman 1986; Niskanen 1971; Schilling 1962; Wildavsky 1984).

The bureau-political perspective draws attention to the strategic dimensions of relations within and across government organizations. It alerts analysts to the pervasiveness of interest-driven behaviour (Downs 1967) and multiple lines of conflict which exist within executive branches.

FIGURE 1 *Degrees of bureaucratic politics*



In a generic sense, bureaucratic politics is characterized by the following components: (1) there are many actors in the policy-making arena; (2) actors have diverging and conflicting interests; (3) no one actor has overriding influence; (4) decisions are inherently compromises; and (5) these decision outcomes tend not to anticipate the requirements for effective implementation.

The *degree* to which bureaucratic politics pervades a policy decision-making process is variable (see figure 1); if characteristics (1), (2), and (3) have high values, the 'resultant' formation of compromises (4) will be extremely difficult and there will be a large discrepancy between policy making and implementation (5). Such an extreme combination of variables is usually dysfunctional and could be labelled 'bureau-politism' (Rosenthal 1988, p. 8).

Bureau-politics: empirical criticism

Several criticisms have been made of the bureau-political model as an analytical tool for understanding policy-making and administrative processes. First, it is argued that bureau-politics focuses narrowly on the government bureaucracy and ignores the impact of many other actors: political authorities, members of parliament, pressure and interest groups, mass media and mass publics. Other theories are better equipped to incorporate this broader perspective on policy formation; for instance agenda-building approaches (Cobb and Elder 1975; Kingdon 1985). Secondly, bureau-political models are said to lack institutional sophistication. More advanced theories of inter-organizational relations and policy networks appear to be more comprehensive frameworks for explaining multi-actor policy dynamics (Hanf and Scharpf 1978; LaPorte, ed., 1975; Peres 1968; Tuite, Chisholm and Radnor, eds., 1972). Thirdly, some critics contend that the bureau-political perspective is based on a narrow interpretation of organizational interests, which lends itself to circular interpretations:

Unfortunately, the definition of 'organizational interests' is so expansively drawn in the bureaucratic politics approach that it yields a heuristic proposition which is exceedingly difficult, if not impossible, to disconfirm – and, hence, one which is all too readily accepted as dogma . . . It fails to maintain a distinction between an organization protecting its interests and one performing its assignments (Hafner 1977, p. 327).

Finally, in specific cases, the explanatory potential of bureau-politics vis-à-vis more traditional 'rational actor' models has been put into question. Cornford (1974, p. 235–7, 241–2), for instance, has argued that the explanatory potential of the rational actor model has been seriously underestimated in Allison's (1971) analysis of US decision making during the Cuban missile crisis.

Clearly, there is a need for precise demarcation of the bureau-political model within broader multi-perspective approaches to explaining policy making (Dunleavy 1990; Linstone 1984; Steinbruner 1974). When doing so, there may be a case for subsuming, for instance, agenda-building within a more broadly defined *governmental* politics model (Allison 1971, model III; Dunleavy 1990), which includes actors other than bureaucrats (such as political authorities) acting in or

impacting upon the administrative policy process. Indeed, the process of societal problem perception, mobilization and agenda-formation is more strongly influenced by bureaucracies and bureaucrats than assumed in rather static input-output perspectives underlying conventional agenda-building theories (Page 1985, pp. 166–8).

One way to put bureau-politics into perspective has been suggested by Rosati (1981). In his view, the nature of policy-making processes is dependent upon the decision structure (degree of individual, organizational and political-executive involvement) and the decision context (the critical or non-critical nature of the issue in the broader external setting). He then hypothesizes that bureau-politics is most likely to emerge in middle-range issues, where moderate issue salience causes executive involvement to be low, and, as a consequence, many bureaucratic actors will enter the decisional arena (Rosati 1981, pp. 245–51). Taking this view, crises would not appear to be suitable environments for bureau-politics as they tend to trigger top-level involvement.

Bureau-politics: normative reactions

The bureau-political approach has raised normatively grounded controversies over the desirability and effectiveness of top-down managerialist, versus participatory and more heterogeneous, modes of administration. It also legitimates the reality of conflict (Coser 1956; Dahrendorf 1968) in the face of a dominant managerial predisposition towards consensus and harmony (March and Simon 1958). The approach also re-opens the long-standing debate in organizational design between functionally divided activities as against the requirements of coordination. Contrary to conventional wisdom, duplication and overlap are highly functional in non-routine and complex administrative situations. Departmentalism tends to ignore the considerable benefits accruing from more ambiguous allocations of responsibilities (Kouzman 1979, pp. 53–8; Landau 1969; Lerner 1986; Thompson 1967, pp. 52–3). Many students of public administration, focusing exclusively on routine situations, have for too long sought to 'design out' elements of overlap, redundancy and conflict. The bureau-political perspective recognizes the possibility that a *degree* of fragmentation and competition within, and across, government agencies enhances rather than detracts from decision quality ('t Hart 1990; Lerner 1986). It is, therefore, clear that a more refined analysis of bureau-politics in policy making and administration should include a number of specifications to deal with differing combinations of bureau-political variables (see figure 1). These variables are important in sharpening understanding of the conditions for, and expressions of, bureau-political activity. They also help to separate out the dysfunctions of bureau-politics, which is particularly important with regard to understanding the key elements of crisis management.

From the normative point of view, several objections inspired by traditional ideologies of administration have been brought to bear against bureau-politics. First, bureau-politics is said to undermine the fundamental tenets of democratic administration (Krasner 1972). It would seem to invite activities on the part of

bureaucrats that should be reserved for elected politicians and authorities. Where policy making is divided between numerous players with differing perceptions and interests, nobody seems to be ultimately responsible for the compromises that finally emerge (Bovens 1990; Thompson 1980). Secondly, it is contended that bureau-politics seems to reinforce the already strongly inward-looking orientation of bureaus and bureaucrats. The need to be alert in defending one's interests against those of other bureaus may absorb attention to the point that bureaucratic players will become isolated from actors and information outside the bureaucratic game. In this sense, bureau-politics would seem to be an obstacle in the way of bureaucratic responsiveness to its clients (Breton and Wintrobe 1982). Thirdly, the gaming connotation of bureaucratic politics seems to suggest a disregard for proper administrative procedures (Bobrow 1972). Finally, the more intense forms of bureau-political competition, labelled 'bureau-politism' in our model, would seem to foster either the inability to achieve any consensus at all (bureau-politist *paralysis*), an inordinate amount of time and effort needed to arrive at compromises (bureau-politist *inefficiency*), or a consensus that is only vaguely related to the requisites of the situation (bureau-politist *incompetence*). A most serious pathology occurs when bureaucratic politics and conflict amount to segmentation and non-contact. According to Coser (1956), this is even worse than a high degree of open conflict, as it indicates that conflict has become institutionalized and rigidified to the extent that hope for mitigation or productive side-effects will have dissipated.

3. THE BUREAU-POLITICS OF CRISIS MANAGEMENT

The relevance of the bureau-political model can be extended to include policy making during crisis episodes. Thus, crisis management and crisis decision making involve many actors in the political-administrative sphere. At first sight it may look as though crises are the domain of an exclusive group of politicians. But it will soon be clear that bureaus and bureaucrats also have an important role to play. As a matter of fact, under critical circumstances, the lines between political and administrative roles and activities tend to be blurred.

Secondly, although conventional wisdom stresses the prominence of the 'strong man' in crisis decision-making, available data point to influence being spread among quite a number of interested parties. The spotlight may focus on small crisis teams or policy centres, but, while staying in the background, many advisers (police chiefs, fire chiefs, psychiatrists, chemicals experts, media consultants) may advance into positions of power and influence (Rosenthal, 't Hart and Charles 1989, pp. 17-18; Rosenthal, Charles, 't Hart, Kouzmin and Jarman 1989, pp. 456-8).

Thirdly, crisis decision-making often involves the same kind of give-and-take compromise as routine administration. Indeed, many crisis events seem to pose acute dilemmas for choosing between equally defensible courses of action; often represented by different agencies involved in crisis events. Riots may compel decision makers to find a balance between toughness and accommodation; terrorist assaults may invite trade-offs between emphasizing the rule of law and resolute deterrence; disasters may force the decision makers to choose between sending resources to the then-known epicentre or waiting for additional information on the

impact of disaster in other areas not in communication with crisis decision-making units.

Fourthly, it is true that crisis decision-making is characterized by urgency and relative promptness. Once a decision has been made, there will not be time for protracted reappraisal. Crises do not lend themselves to the politics of implementation. Nevertheless, it would be naive to think that, under critical circumstances, the implementation of decisions invariably takes place in a mechanistic way. Information overload and time pressure in the decisional centres may give rise to serious flaws in monitoring the execution of decisions, and, for that reason, to new rounds of bureau-politics.

It should be stressed that these observations do not support Rosati's (1981) suggestion that bureau-politics is most likely to dominate the policy-making process for issues that do not require the undivided attention of presidents or prime ministers. Crises do intrude into the daily schedules of the chief executives. But this does not mean that, consequently and invariably, chief executives will exercise sovereign power over the process of crisis decision-making. In one sense, then, bureaucratic agencies appear to think that crises are too important to be left to presidents and prime ministers alone! Furthermore, Rosati ignores the fact that during crises intense conflicts may develop over operational issues; and those conflicts can have a significant spillover into more strategic levels of policy making. To illustrate the occurrence of bureau-politics during crisis management, several case examples are presented.

Empirical explorations

It is appropriate now to illustrate, and subsequently specify, the empirical dimensions of crisis-related bureau-politics. A comparative overview is presented of the nature and extent of bureau-politics in a series of crisis management situations recently analysed (Rosenthal, Charles, 't Hart 1989; Rosenthal and Pijnenburg 1990). Summarized in figure 2, these cases embody several dimensions of crisis-related bureau-politics. First, a distinction is made as to the administrative 'level of action', that is the main focus of bureau-political processes (strategic policy decisions, involving senior policy makers and operational decisions, involving field services and operational agents). Secondly, the extent to which bureau-political processes dominate crisis management is differentiated in figure 2. Following the distinction between bureau-politics and bureau-politism of the preliminary model (see figure 1), we have distinguished between functional and dysfunctional degrees of bureau-political interaction in managing crisis events (in terms of reported effects on speed and quality of crisis management efforts). In addition, four of the cases identified in figure 2 are discussed in greater detail in order to amplify the argument and provide insights into the substance of bureau-politics in crisis management.

FIGURE 2 *The bureau-politics of crisis management: comparative overview*

	functional: bureau-politics	dysfunctional: bureau-politism
strategic policy decisions	Mississauga toxic incident: coordination (Scanlon 1989)	Dutch defence planning 1939–40 (’t Hart 1990)
	San Salvador earthquake: national reconciliation (Comfort 1989)	Heizel stadium tragedy: planning match (’t Hart and Pijenburg 1989)
	South Moluccan terrorism: coordination (Rosenthal and 't Hart 1989)	Iran rescue mission 1980: planning (Gabriel 1985)
	Zeebrugge ferry disaster: media information policy (Pijenburg and Van Duin 1991)	Ethiopian famine relief (Khondker 1989)
		Post-Brixton riots responses (Jacobs 1989)
operational crisis management		Three Mile Island reactor: response (Cantelon and Williams 1982)
	Holland flood disaster 1953: civil-military responses (Rosenthal 1986)	Heizel stadium tragedy: disaster action (’t Hart and Pijenburg 1989)
	Mount St Helens volcano: operational responses (Bradford <i>et al.</i> 1988)	Post-Hillsborough tragedy: blaming (Jacobs and ’t Hart 1990)
		Iran rescue mission 1980: operations (Gabriel 1985)
		KAL airliner incident: Soviet action (Settle 1989)
		San Salvador earthquake: rescue teams (Comfort 1989)
		Tasmanian bushfire 1967 (Kouzmin and Jarman 1989)

Classical pattern: San Salvador earthquake On 10 October, 1986, the Salvadorean capital of San Salvador was struck by an earthquake that left 1,000 people dead, 10,000 wounded, and 125,000 homeless (Comfort 1989). In this major urban disaster, large parts of the city's vital infrastructures were severely damaged, including four of the six major hospitals. The disaster response, initiated at the local level, became a national operation with major international assistance. As there was virtually no pre-disaster planning for such large-scale operations, crisis management was a matter of complete improvisation. The multi-agency, multi-

national setting of disaster response gave rise to typical patterns of crisis-induced bureaucratic conflict at both the operational and strategic levels of action.

A vivid example of 'battling Samaritans' at the *operational* level concerns the coordination of search-and-rescue efforts on the part of the teams sent by no less than 14 nations in response to a call for help by the Salvadorean President. Their efforts were focused on one single site, the Ruben Dario building, where nearly three hundred people were trapped inside at the time of the earthquake. The first team to arrive was Guatemalan, working like the Salvadoreans, mainly with shovels and bare hands. Next, the United States' team arrived with sophisticated equipment and searchdogs. They worked for two and a half days non-stop and brought out 32 people alive. Then a Swiss team arrived with 50 men, 15 dogs and a satellite communications unit that allowed them direct contact with their headquarters in Berne. When they took over the rescue efforts, their operating style differed markedly from those of the other teams. Misunderstandings and conflicts about how to conduct the operation developed. An accident occurred on site, injuring a worker from a Mexican team. The arguments between the various rescue groups escalated to the point that the work was halted on the fourth day and the Salvadorean Minister of the Interior had to intervene.

At the *strategic* level, the Salvadorean President seized the disaster as an opportunity for national reconciliation between different segments of society embroiled in the civil war. He formed a National Emergency Committee representing major government organizations, business, labour and the military. The urgent need for cooperation in the face of disaster did provide sufficient impetus for *ad hoc* reconciliation between these groups, albeit briefly. However, another major actor in the local policy community, the Catholic Church, had been left out of the committee. Hence, the 'routine' struggles for power and legitimacy between different institutions in Salvadorean society continued during the crisis. These bureau-political tensions at the top level manifested themselves very clearly when a shipment of disaster relief supplies sent by the Archbishop of San Francisco to the Archbishop of San Salvador was delayed at the airport for several critical days, presumably by order of the government.

Bureau-politism: the Heysel Stadium tragedy An example of the most intense form of bureau-political competition and rivalry can be found with the soccer tragedy at the Heysel Stadium in Brussels of 29 May 1985 ('t Hart and Pijnenburg, 1989). Bureau-political tensions were present throughout every stage of the tragedy. There were two groups of actors deeply involved in bureau-politics: order-maintenance and emergency-relief agencies. The order-maintenance bloc consisted largely of municipal police forces and gendarmerie. The emergency-relief bloc comprised the fire brigade, the Red Cross, and medical services.

During the *planning* period of the match between Liverpool and Juventus, bureau-political tension within and between these blocs manifested itself in two forms: subdued competition and non-contact (i.e., a mutual neglect of potential bureaucratic 'opponents'). Disagreement arose between the Brussels municipal police and the Brussels district of the Belgian Gendarmerie (the national police service) with regard to who would play the major role in security and order-maintenance at the match. The outcome of these jurisdictional skirmishes was that the two agencies divided the stadium in two diagonal halves, so that each agency would control its own section. That this division of labour was anathema to established

principles of unity of command and unity of terrain did not seem to have mattered. That this arrangement was not complemented with effective coordination arrangements between the two services, was equally unimportant in the competitive setting that prevailed at the time.

An example of non-contact concerns the virtual exclusion of emergency services' representatives from most of the planning sessions throughout the month of the match. Emergency services were simply not informed of formal and informal meetings and, thus, were required to make their own preparations. The reasons for this non-contact were clear. First, disaster planning and emergency relief did not enjoy a high status in the administrative setting of Brussels at the time. Secondly, the emergency services' disaster assistance plan for Brussels, launched in January 1985, was seen by the police services as an attempt to by-pass them in this area. In the plan, police services were required to coordinate with the emergency services, with a leading role for the fire brigade. This went against the informal status hierarchy as perceived by the police services. Hence, during the planning of the Heizel match, no attention was paid by them to emergency planning and coordination.

Inter-agency rivalries and strife grew more intense during the *crisis period*, when Liverpool supporters attacked Italian fans in the Z-section of the stadium and people were crushed. For example, when reinforcements for the Gendarmerie and the rescue and relief agencies arrived at the major entrance to the disaster area, a serious confrontation over priority access between the respective commanders ensued. Similarly, fire-brigade officers could not persuade the Gendarmerie to provide adequate protection for the emergency medical zone located adjacent to the stadium. Consequently, doctors, while caring for injured victims, were harassed by agitated reporters, panic-stricken spectators, and cavalry reinforcements of the Gendarmerie entering the stadium.

Bureau-political non-contact was exemplified in this phase by the fact that the Gendarmerie preferred to call in its own command car instead of sharing the emergency services' mobile communications unit already present – and subsequently refusing to share information with the other agencies involved in disaster management. Similar forms of bureau-political-driven non-contact during crisis operations occurred during the disaster with the Herald of Free Enterprise; two separate clusters of communications systems developed that never shared any information during the night of the disaster (Pijnenburg and Van Duin 1990).

Crisis-induced blaming: Hillsborough disaster On 15 April 1989, 95 people lost their lives and more than 400 were taken to hospital following a crush on the overcrowded stands of Hillsborough football ground on the eve of the FA cup semi-final soccer match between Liverpool FC and Nottingham Forest FC (Jacobs and 't Hart 1989, 1990). The disaster was not a direct consequence of confrontations between rival hooligans, but was instead in large part caused by a series of factors and failures regarding crowd control in the preparation of the event. Ironically, the Hillsborough disaster could, in part, have occurred, because the local authorities, the host stadium management and the South Yorkshire police force were so thoroughly committed to preventing hooligan disturbances. However, they partly ignored the unintended consequences of the preventive measures they had undertaken. For instance, the smaller stand in the stadium was allocated to Liverpool, the club with the largest following, because this would facilitate the pre- and post-match separation of supporters' groups; the implication not sufficiently anticipated

was obvious, thousands of Liverpool fans without tickets would turn up at the match, augmenting the total number of people to be 'processed' around the stadium and near the entrances.

Although mistakes had been made, Hillsborough cannot be compared to the Heysel tragedy where administrative incompetence was predominant. Nevertheless, the South Yorkshire police came under serious attack following the disaster (the *post-crisis* phase). This started an intense bureau-political stand-off between various groups. First of all, within the South Yorkshire police, serious differences of recollection and interpretation of the events came to light during the official inquiry. In particular, senior police officers proved to be very defensive witnesses, in marked contrast to junior officers and constables. The former were evasive and attempted to put the blame on the allegedly drunken and aggressive Liverpool fans, while the latter were much more open and self-critical. Indeed, Lord Justice Taylor who conducted the investigation concluded that 'I must report that for the most part the quality of... evidence was in inverse proportion to... rank' (Taylor 1989, para. 279). While such hierarchical differences in performance evaluation may be expected, the second line of bureaucratic conflict following Hillsborough was more surprising, and, to some, disquieting.

When some South Yorkshire police officers publicly stated that the Liverpool fans were at the root of the tragedy, a heated debate followed – in the tabloid press, in the political arena, and also between different police forces. The Merseyside police, policing the Greater Liverpool area, openly questioned the veracity of the South Yorkshire statements. It stressed the need for the Taylor inquiry to 'uncover all the facts'. The controversy was remarkable in that it brought to the surface disagreements within the ranks of the police at the national level. The different interpretations went beyond professional differences of opinion. They were regionally inspired attempts to shift and re-allocate blame for the occurrence of crisis. The bureaucratic agencies, in this sense, represented their own local 'constituencies': the South Yorkshire officers wanted to save their force from disgrace; the Merseyside police expressed the predominant emotions among the local population and politicians. With this bureaucratic conflict came different 'mythologies' about what had really happened on the day of the disaster. These collectively held beliefs proved to be very resistant to discrepant information emerging during the inquiry. Post-crisis accusations escalated to the point that the Home Secretary had to intervene and ask the several parties to calm down.

Functional bureau-politics: Moluccan hostage takings In 1975, 1977 and 1978, South Moluccan activists staged dramatic hostage-takings in the Netherlands (Rosenthal and 't Hart 1989). In 1975, a passenger train was seized, to be followed two days later by the Indonesian consulate in Amsterdam. In 1977, another train was seized, as well as – this time tightly coordinated – an elementary school in Bovensmilde. In 1978, the terrorists, in a renewed attempt to force the Dutch government to use its influence with the Indonesian government to obtain Moluccan independence, seized the provincial authority building.

While each of these cases differs in terms of its specific course of events, duration and outcomes, the administrative responses show some marked similarities. One of these constitutes the in-built tensions between *judicial* and *public-order* perspectives and between *local* and *national* policy centres. In Dutch anti-terrorism provisions, it is prescribed that during hostage takings, three different centres

operate: a command centre for the operational police and military services close to the site of the events; a local policy centre, to be headed by the Prosecutor-General; and a ministerial crisis centre in the capital, the Hague. Major strategic decisions concerning government responses are made by the crisis centre, with major advisory input from the local policy centre.

In the 1975 and 1977 cases, there were marked differences in perspective between these two centres. Local officials felt the ministers in the Hague were physically, and therefore also mentally, too distant from the events to grasp the subtleties and pressures of the situation. At the ministerial crisis centre, there were constant worries that local officials became over-involved with the situation and that their advice might be unbalanced. Within each of these centres, officials taking a broad public-order perspective faced representatives from the penal orientation that emphasized the criminal nature of terrorist activities; the latter were much more inclined to take an uncompromising stance.

Although such inter-agency and inter-local tensions were marked and produced deep frustrations among individual participants, they were instrumental in the resolution of these crises. The differing perspectives provided a richer information basis for decision. As the various bureaucratic competitors interacted within over-arching units, information-sharing took place. Differing policy perspectives caused these actors to make different inferences from identical pieces of information. This encouraged critical debate about the interpretation of the facts and the nature of the appropriate responses. This came out especially during 1977, when the crisis centre finally decided to terminate the hostage takings by military action. Inter-agency heterogeneity, reinforced by interpersonal differences between cabinet members in the crisis centre, produced rigorous debate about the costs and benefits of the various options available. The decision to intervene was sound, and would have been able to withstand critical scrutiny even if the resulting military operation had failed. Inter-agency overlap and multiplicity of command centres worked to enhance the quality of crisis management. A crucial intermediate factor was the availability of decision time: the 1975 and 1977 crises lasted more than two weeks, with early ultimatums soon replaced by long periods of waiting and procrastination. Under time-pressure, as during the early days of the 1975 hostage-takings, the multiple-layered structure was much less appropriate in producing quick decisions and flexible adaptation.

Causes of bureau-politics in crisis management

From these case studies of crisis management, four main causes for the occurrence of bureau-politics during crisis episodes can be identified.

First, in crisis situations government authorities and public agencies definitely do not lose interest in the ranking order of power and prestige. For crisis-relevant organizations, the actual moments of crisis are the very moments their continued existence may be at stake. Indeed, by definition, their rationale, legitimacy and even funding may derive from their performance in critical situations. The history of crisis management provides rich evidence for this reality. The mining disaster of Lengede (Western Germany 1962), for example, gave rise to inter-agency conflicts later captured under the disquieting notion of 'the battle of the good Samaritans'. There is considerable evidence to show that inter-service rivalries within the armed forces do not fade away the moment international tensions become really

serious. For example, the failure of several US post-Vietnam military missions was, in part, due to the imposition of sub-optimal arrangements up to and including crucial matters of operational security. A dramatic example of this concerns the planning of the failed Iran rescue mission (1980), where all four services demanded a part in the rescue operation. In the bureaucratic bargaining that followed, the Marines ended up providing helicopter pilots unfamiliar with the Navy-supplied machines that were to be used in the mission. This proved to be a critical flaw (Gabriel 1985). Similarly, a commanding factor in the genesis of the Brixton riots of 1981 was the inability of the Metropolitan police to make up its mind about its approach towards the local community, resulting in different styles of policing being applied to the community in a short period of time and a notable failure to establish an adequate police-community liaison (Jacobs 1989).

Secondly, authorities and agencies involved in the process of crisis decision making may coolly anticipate the re-allocation of personnel and budgetary resources in the aftermath of the crisis. They may be well aware of the extended effects of their performance during a crisis. They will know that acute changes in the inter-organizational allocation and distribution of resources in periods of severe crisis, such as during the oil crises of the 1970s or during episodes of dramatic budgetary cutbacks, often prevail after the restoration of routine administration (Hirschorn 1983; Jarman and Kouzmin 1991; Rosenthal and Scholten 1977; Rubin 1977). Anticipation of such post-crisis developments and realignments makes crisis and crisis-relevant agencies very keen on 'being there' during the hectic moments.

It should be noted also that, occasionally, quite different patterns will mark the costs and benefits in the aftermath of crisis. For instance, there is the ironic fact that failure in crisis decision-making may make for post-crisis success. Thus the Belgian Gendarmerie turned their bad performance during the Heysel stadium tragedy into a successful claim for budgetary growth. One might take this as evidence that the bureau-politics of crisis management go beyond the critical moments of severe threat so as to include the sometimes protracted phases of post-crisis conflict and negotiations.

Thirdly, bureau-politics may result from the confrontation between authorities and agencies that are not used to working together. As Quarantelli has put it, in crises, inter-organizational coordination often is the problem rather than the solution (Quarantelli 1988). Crises dramatically change the usual organizational chart. In a way, the critical quality of the situation imposes itself upon authorities and agencies which have little inter-organizational experience: these include civilian and military organizations; central and local branches; routine and typically crisis-oriented agencies (Brouillette and Quarantelli 1971; Stallings 1978; Wright 1978). This is markedly illustrated by the example of international aid operations, such as during the famine crisis in Ethiopia and Sudan (Khondker 1989). As the series of riots in Britain in the 1980s shows, it may indeed take a crisis to make a particular category of authorities or public agencies understand the need for coordination (Benyon 1984; Benyon and Solomon 1987; Jacobs 1989). The belated appearance of a key actor in the arena of crisis decision making may produce irritation with other interested parties which, by that time, may already have taken the responsibility for a number of critical decisions.

This third consideration does not imply sheer self-interest on the part of the various agencies. Part of the intensified bureau-political tension during crises is simply due to the psychology of the unknown and may indeed be reinforced by organizational stress. The combination of threat, uncertainty and unfamiliarity is fertile ground for miscommunications and misunderstandings. During the critical development of the emergency in the Heysel Stadium, for example, the municipal police tried to warn the Gendarmerie, under whose jurisdiction that part of the stadium resided, no less than nine times. Yet, as a consequence of the prevailing tensions between the two police forces, the possibilities for inter-agency communications were strictly limited. As a consequence, of the nine warnings sent out by police commanders, only three reached the Gendarmerie commander back at his Brussels headquarters.

Fourthly, in a crisis setting, bureau-politics may flourish for the very reason that all parties concerned are convinced that they can make a positive contribution to the public cause. This situation fosters bureaus and bureaucrats insisting upon their interpretation of what would be the most effective, if not the only, way to avert threat. This kind of bureau-political conflict will often be found as a by-product of the so-called 'mass assault' on the site of a disaster (Barton 1969). It will, for example, ask for unusual wisdom on the part of the authorities of a Third-World country afflicted by a massive disaster, to coordinate or arbitrate competitive offers for assistance from national and foreign agencies (Comfort 1988; Cuny 1983).

4. THE BUREAU-POLITICS OF CRISIS MANAGEMENT: A BALANCED ASSESSMENT

As illustrated in the example of the South Moluccan hostage-takings, it would be a mistake to view bureau-politics as entirely dysfunctional to crisis management and crisis decision making. It would also be misplaced to exaggerate the tension between bureau-politics and normatively 'good' crisis management. There are a number of considerations to be taken into account when arriving at a more balanced view of the costs and benefits of administrative competition during critical situations.

Functional perspectives

From a formalist or institutional perspective, bureau-politics must be dysfunctional in a crisis context. Under critical circumstances, the usual patterns of political competition and conflict would seem to be counter-productive and might even give way to a temporary 'abdication of democratic authenticity' (Linz and Stepan 1978, pp. 1-65). Executive authority tends to be granted considerable leeway. The moderation of the political temper during episodes of severe threat is best reflected by the evocation of governmental discretion: 'Let the government govern.'

Of course, the tendency, in crisis situations, to do away with institutionalized or party-based politics will be even stronger in relation to the bureaucratic setting. It already takes considerable effort to plead the case for bureaucratic competition in day-to-day administration. It would, then, seem to be outrageous to argue that bureau-politics has a positive function in managing crises. The analysis thus

far, however, does hint at some key functions of bureau-political competition and rivalry.

A first function of bureau-politics in crisis management may be to *put crisis and crisis-relevant agencies to the test*. It would hardly be an achievement on the part of such agencies to operate satisfactorily within a self-contained and exclusive domain or jurisdiction. The quality of their performance under critical circumstances will, for a large part, be assessed according to their capacity to manage inter-agency pressures. For instance, the way in which a public agency handles uninvited offers for assistance from others will have a definite impact on its effectiveness. It takes great strategic and tactical skill for crisis and crisis-relevant agencies to withstand that test.

In a sense, this function of bureau-politics extends to a willingness, in the aftermath of a crisis, to evaluate and reconsider the role of all agencies involved. A sound judgement of performance in the inter-agency domain may help to bring about necessary changes to jurisdictional power, in the allocation of resources as well as to the rules guiding inter-agency processes and negotiations.

Bureau-political defensiveness looms large when besieged decision makers, faced with overwhelming uncertainty and problems of crisis management, engage in attempts to shift the burden of responsibility to others. Indeed, crises may evoke centrifugal tendencies (Kouzmin 1983) or administrative regression and dissociation (Kouzmin 1979), leaving the job of handling those crises which seem to entail a low hope of successful resolution to competitors in the bureaucratic network.

A second function of bureau-political competition in crisis situations is to prevent *single-mindedness and groupthink* (Janis 1982; 't Hart 1990). During crises, there are often strong political and media pressures for quick and forceful administrative reactions. In response, administrative actors may be motivated to live up to these requirements and hence try and brush aside differences of opinion in order to maintain the momentum. The norms of centralized and forceful action may be used to 'superimpose' administrative consensus. In the face of crisis, who would want to be the one breaking through this consensus? Such a dilemma, for instance, was faced by CIA director Turner during the planning of the rescue mission that was to free American embassy personnel held in Teheran. For months, President Carter had procrastinated, yet in March 1980, he was coming around in favour of the mission. Turner, however, had received secret CIA-estimates that the chances of success for the operation were very slim. Yet he did not mention this during the final sessions of the crisis committee, as he did not want to disturb the action mood that had finally been established: 'doing something' was considered better than carefully calculating the odds ('t Hart 1990, pp. 230-1).

One of the unintended consequences of bureau-political competition is to produce a setting where different views on what needs to be done will be heard and, for the sake of competitiveness, be taken into account. Under some circumstances, the need to take a critical decision promptly will be deemed to be more vital than processual or procedural considerations. More often than not, however, crisis management and crisis decision making benefit from the competitive exchange

of views and the encounter of agency interests put forward by the agencies at hand. This is as true for agencies intervening in the crisis decision-making process as it is for those with distinctly operational responsibilities.

Too often, operational services tend to act upon the premise that they can do the job on their own and that their standard operating procedures prevent them from making mistakes. They do not always perceive the intricate differences between the consecutive crises they are to manage. Unaware, or uncertain, of the nature and ramifications of a current crisis, they attempt to reduce uncertainty by relying on crude analogies between past crises and present events, which, in turn, may lead them to simply adopt 'yesterday's' solutions to current situations that may be superficially comparable (Jervis 1976; Neustadt and May 1986). It is functional for problem solving to be confronted with rival or even antagonistic opinions, interests, and activities.

A dysfunctional effect of heterogeneous and adversarial processes may occur *within* each of the participating agencies. When agencies become involved in external conflicts over what is to be considered appropriate crisis management, internal pressures to conform to an official position can become quite high. Stereotyped images of out-groups (notably bureaucratic competitors) may come to prevail over a clear diagnosis of the costs and benefits of courses of action proposed by other agencies. This may, in turn, trigger the development of 'hard cores' within departments or agencies whose members share an unshakeable perception of the situation and a rigid view of how to handle the crisis, thereby paralyzing the decision process. For example, during the critical months preceding the German invasion of the Netherlands, intense civil-military and centre-field tensions prevented the development of a much-needed consensus about preparations for war ('t Hart 1990, pp. 343-50; Mason 1963).

A third function of bureau-politics brings about the potential relevance of *open strategies* of crisis management. Bureau-political competition may serve to open up the process of crisis management. This may help to improve the quality of governmental and bureaucratic intervention. Although the notion of centralized and closed crisis response is the dominant one in many prescriptions for crisis management, there is no reason to assume that closure of the decisional arena will invariably lead to better solutions (*contra* Dror 1986). The role of the media in crisis management provides a key test of this argument. Bureau-politics provides the basis for fertile sources of information, if need be, for information leakage. To the extent that the media abuse vital information, as has happened during several episodes of international terrorism, bureau-political competition and attendant flows of information will be quite dysfunctional (Kelly 1989). At the same time, however, the effectiveness of crisis management usually depends to a large part on the active, and successfully managed, role of the media. For instance, modern disaster management cannot succeed without the assistance of fully informed media. If, in this context, bureau-political competition contributes to the free flow of information, so much the better.

The converse of this argument can be found in the empirical fact that crises seem

to invite top-level closure, small group decision making, and a reliance upon 'trusted, liked sources' (Milburn 1972). When tensions rise, outsiders and critically oriented advisers tend to be excluded. More often than not, the media are considered to be harmful to the needs of the crisis agencies searching so hard for satisficing solutions. Indeed, crises may trigger a strong, even obsessive, concern with secrecy that is often used by key actors to exclude bureaucratic competitors or representative institutions from the making of key decisions. To be sure, the planning of anti-terrorist measures presupposes very stringent security rules. When, however, these are being misused to avoid criticism and public scrutiny, the inter-agency context rather than the terrorist threat itself emerges as the leading motivation on behalf of the decision-makers concerned. This outcome may have dire consequences, as evidenced by the Iran rescue mission (Gabriel 1985; Sick 1985), the Iran-Contra affair ('t Hart 1990), the ill-fated investigation of Deputy Chief Constable Stalker into alleged misconduct of the RUC in Northern Ireland (Stalker 1988), and – from another area – the Belgrano affair during the Falklands war (Ponting 1985).

CONCLUSION: SOME NORMATIVE PERSPECTIVES

Crisis management and crisis decision making provide a good empirical basis for a firm rebuttal to the normative objections raised about bureau-politics. In a number of ways, our unorthodox orientation to crisis management upholds, under critical conditions, liberal-democratic political processes and the 'public interest'.

Bureau-politics may well constitute the next-best route to *democratic control* in processes of crisis management and crisis decision making. It is often the case that the starting point in crisis-related politics is to declare democratic control a luxurious burden. Bureau-political competition, then, may serve to produce the checks and balances and countervailing forces which, otherwise, would be lacking in situations lending themselves to authoritarian decisions. Bureau-political conflicts would also constitute an indispensable source of information when the only channel for communication would seem to be the authorized press releases of the public affairs division of the official crisis centre (Pijenburg and Van Duin 1991).

It would, of course, be desirable for crises to give rise to a balance between the situation-bound requirements of effective decision making and democratic control. Satisfactory solutions are hard to find. The practice in Germany of giving the Opposition in the Bundestag its full share of information about, and involvement in, the dealings of anti-terrorist crisis centres, seems to derive from a need for shared responsibility rather than from a need for democratic control. A similar conception of broadening the constituency of crisis decisions underlies the habit of informal consultation of opposition leaders in many democratic countries. Ultimately, in crisis situations, bureau-political competition and rivalry may be among the more effective safeguards for accountability and, ultimately, democratic control.

There are potential counter-acting tendencies as well. Bureaucratic rivalry may serve to impede democratic control of the policy process. This may happen when bureau-political needs for secrecy offset the open flow of information that results

from bureaucratic interchanges. This happened during the Iran-Contra affair, when a core 'group' of interested and committed officials from NSC and CIA conspired to keep not only the State and Defense departments, but also congressional intelligence committees, in the dark about the arms deals with Iran ('t Hart 1990).

Another normative asset of bureau-politics assumes a very special quality in crisis situations. It is often said that one should cherish the willingness and capacity of citizens and public agencies to *stand firm* against pressures to comply for compliance's sake. Crises demand a substantial amount of authentic courage on the part of public agencies and their officials to withstand the tremendous pressures for an engineered consensus, unanimity and 'mechanistic' compliance associated with the orthodox responses of crisis management. It is not an easy task to cope with accusations of defending bureaucratic turf when the dominant mood points to a nation at risk. To be prepared in times of crisis and to stand up for one's interpretation of the public interest may be the ultimate test of strength and institutional leadership (Selznick 1957). Needless to say, the most difficult part of this view is to convince other agencies and the public that all this does actually serve a common cause.

A final and far-reaching evaluation of the bureau-politics of crisis management involves both functional and normative considerations. As already suggested, a growing number of academics and, to a lesser extent, practitioners recognize that the prescriptive processes of consensus-oriented, rationalistic and monocentric administration do not conform with empirical reality. Nor do they sit easily with the ideological canons of liberal democracy (Thompson 1983; Urban 1982). The advantages of complexity, redundancy, duplication, overlap and conflict (Kouzman 1979; Kouzman and Jarman 1989; Landau 1969; Lerner 1986) are now elaborated, and the notion of polycentrism is not only being tolerated but increasingly being insisted upon as a possible alternative to centralist and coercive bureaucratic administration (Chisholm 1990; Kouzman and Scott 1990; Ostrom 1974; Toonen 1983).

It is tempting to apply such ideas to the domain of crisis management. The question then arises as to whether crises, with their inherent bias toward a monocentric perspective, could lend themselves to a similar kind of revisionist approach. It would be indeed daring to proselytize for duplication, overlap and negotiation, when political pressures unequivocally point to clarity, simplicity and the undisputed determination of 'tough' decisions. It is difficult to imagine a crisis centre which, in making up its collective mind about a hijacked plane or train, would have to find its way through a myriad of cross-cutting and overlapping jurisdictions. The world of centralized crisis management would be turned upside down. But such a 'revisionist' approach to bureau-politics does have something to offer to the theory and practice of crisis management. It is not far removed from the already fashionable ideas about multiple scenarios, mixed scanning procedures, competitive brainstorming and preparatory sessions (George 1980; Janis 1989; Nutt 1989; Rosenthal and Pijnenburg 1990). Bureau-political competition and conflict fit this line of thinking. It is time that they lost their exclusively dysfunctional connotations.

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FROM POLICY COMMUNITY TO ISSUE NETWORK: SALMONELLA IN EGGS AND THE NEW POLITICS OF FOOD

MARTIN J. SMITH

In the last two years the issue of food has been subject to increasing political controversy with firstly *salmonella* in eggs and later listeria and BSE becoming the focus of conflict and widespread media attention. This is an important change. In most of the post-war period food policy was conducted within a relatively closed policy community where issues concerning food policy were largely treated as routine technical decisions. The significance of the *salmonella* in eggs affair is that it is indicative of wider changes in the making of food policy. The increased activity of interest groups, the impact of the Common Agricultural Policy and changes in the retail economy have combined to transform the food policy community into an issue network.

In the last two years food and, in particular, the production and quality of food has become a political issue. This is an important change. From the 1950s food policy was subject to little political debate. Britain's food policy has been constrained by a consensus which limits the role of government to facilitating the best quality and choice of food at a reasonable price. This has been ensured through agricultural policy, a limited nutritional policy (Mills 1991) and legislation dealing with the handling and storage of food. However, most of these issues were seen as technical matters and discussion on food policy and the views of the consumers were largely excluded from the political agenda.

The article will use the concept of policy networks to explain the way in which food has become a political issue. Policy networks are a means of categorizing the relationship between groups and the government/government department. These range from policy communities to issue networks. In the former there is a limited number of participants who share values on policy outcomes with a limited number of decision-making centres and decisions are made excluding the public and Parliament (Rhodes 1988). In the latter there is a wide range of actors moving in and out of the policy arenas with different views of policy outcomes and a wide range of decision-making centres (Heclo 1978). If a policy community exists it is possible to

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depoliticize a policy arena by excluding groups which are likely to disagree with the established policy agenda from the policy-making process. With an issue network, policy-making is more likely to be pluralistic with many groups in conflict over the policy outcomes in addition to conflict between the various decision-making centres.

This article will show how, after the Second World War, the issue of food was depoliticized and a policy community was established which excluded consumers. It will then examine the impact of the *salmonella* in eggs affair in order to demonstrate the way in which the food policy network, unable to maintain the depoliticization of food, was transformed into an issue network.

THE SECOND WORLD WAR AND THE DEPOLITICIZATION OF FOOD

During the Second World War the need to ensure adequate supplies of food and a nutritional diet meant that food became political in the sense of being subject to conflict over the food policy that should be followed. In addition, through the establishment of a Ministry of Food, consumers were given some influence over food policy. The Ministry of Food was created in wartime in order to ensure that people were provided with 'the utmost supplies possible of food for direct human consumption...' (Hammond 1951, pp. 79-80). This led to conflicts with the Ministry of Agriculture which was concerned with ensuring prices and patterns of production which suited farmers. The Ministry of Agriculture wanted to increase prices and maintain livestock production whereas the Ministry of Food wanted to limit price increases and push farmers into increasing production of cereals and potatoes (CAB 71/1). The Cabinet rejected the Ministry of Agriculture's views and supported the restructuring of prices in order to encourage the production of food for direct human consumption.

Consumer interests also appeared to have an impact on the issue of nutrition. The government had to ensure that the population received a nutritional diet despite the reduction in food available. Therefore food production policy became much more concerned with the nutritional aspects of diet. The *laissez-faire* approach of the pre-war years was replaced by what Hammond (1951, p. 218) refers to as a 'revolution in the attitude of the British state towards the feeding of its citizens.' The government scientifically determined the best diet available in the circumstances and recognized its role in ensuring that the public obtained this food.

This change in view which originated as a result of wartime necessity was intended to be the basis of post-war policy. At the Hot Springs Conference of 1944 the British government agreed with other governments that a permanent organization for food and agriculture should be set up. They also acknowledged that governments should undertake to try to improve the diet and food resources and initiate national nutritional organizations (Hammond 1951, p. 360). The government accepted that long-term policy should derive from the principle that the natural and economic advantages of the country determines the farming system adopted. On this basis nutritional food should be produced, the farming system should maintain soil fertility and there should be protection from erosion (MAF (Ministry of Agriculture and Fisheries) 53/171). The government recognized that because it has a role in ensuring a nutritious diet, the structure of agriculture should

be economic and so a return to the mixed farming pattern of the 1930s was desirable.

During the war food was political. There was conflict over what food should be produced, the price of food and the nutritional requirements of the population. Food policy also had a policy network which was independent of the agricultural community. This network was relatively open. It included both the Ministries of Food and Agriculture and the Treasury, with the Lord President's Committee, a cabinet committee, arbitrating between the various claims and providing the final decision-making institution. So despite the fact that the relationship between the farmers and the Ministry of Agriculture became much closer with the increased importance of the farmers (Smith 1990), the consumers' interest was still represented by the Ministry of Food and apparently had some impact on policy (see CAB 123/63 and HC Deb. 393 col. 386).

However, despite the commitment to an interventionist food policy, the demands of the post-war food situation led to the consumer interests gradually fading as agricultural interests came to dominate food policy. Food policy became part of a depoliticized and closed agricultural policy community. Why and how did this happen? The concerns with a balanced agriculture and nutritional food policy were initially removed from the agenda by the economic crisis of the immediate post-war years. At the end of the war the food situation became worse as there was a general world food shortage and Britain was faced with a severe dollar shortage which limited its ability to pay for imports. This greatly increased the economic importance of the farmers especially when the government announced a £100 million expansion programme aimed at rapidly increasing food production (Smith 1990, pp. 106–10).

The financial situation was so serious that the Treasury was prepared to support and finance a programme of 'all out production' through substantially higher prices to farmers (CAB 125/572). All other aspects of food policy were downgraded in order to achieve an increased production of food almost at any cost. This had the secondary consequence of further institutionalizing the relationship between the MAF and the National Farmers Union. The NFU was guaranteed a role in the agricultural policy-making process but no provision was made for the inclusion of consumer interests. It was perceived, and to a large extent correctly, that with continued rationing the consumers' interest was also in increased food production. There was a general consensus underpinned by the crisis that agricultural production had to be increased. It was assumed that because everyone accepted this policy there was no need to include non-farm interests in policy making. The view within government was that the consumer would be represented by other departments. However, no other departments dissented from the production programme even though this meant the end of the government's goal of returning to a balanced and economic agriculture. After the war all objectives bar increasing production were neglected.

As food and agricultural production was so important and agreement on the nature of the policy was widespread, it was only necessary to involve in policy making the groups who could make a real impact on food production. Thus food

policy became technical in that it became an issue of how to produce more food, rather than political in the sense of conflict over what should be produced. Thus the 1947 Agriculture Act made it statutory for the government to consult the farmers but made no provision for the consultation of consumers. Certain groups, like the National Union of Agricultural Workers and the Milk Marketing Board, were consciously excluded (Smith 1990, pp. 112–13).

At this point consumer interests did largely coincide with those of the farmers. The consumers wanted increased production and the farmers were prepared to provide it. Economic crisis meant that the government was willing to guarantee high prices to encourage production. As the means of ensuring good prices was through deficiency payments,¹ it was taxpayers, not consumers directly, who footed the bill. So in the post-war period the need for an independent Ministry of Food and a separate consumers' voice became less. This moved the NFU to suggest that the amalgamation of the Ministry of Food with the Ministry of Agriculture was 'urgently needed' (*The Times* 17 January 1950). Officials at the Ministry of Food feared that if the Ministry was amalgamated with Agriculture: 'Such a Ministry would be subjected to heavy pressure from the National Farmers' Union at Ministerial level [and] it would rapidly degenerate into the kind of department that the Ministry of Agriculture is today, i.e. primarily concerned with looking after the farmers' interests' (MAF 127/269). However, the Conservative government agreed that the ministry should be wound up on the grounds that its role had disappeared with the ending of the state purchase of food.

With the amalgamation, the Ministry of Agriculture, Fisheries and Food (MAFF) denied that it gave priority to farmers' interests, and the Minister of Agriculture stated that he had a dual responsibility to the consumer and the producer (HC 77 1962, p. vii). With the system of deficiency payments consumer and farmer interests did not conflict too greatly as farmers received good prices whilst the consumer was able to buy food at the world price. There was at this time little consumer pressure in the area of agricultural policy. This allowed the Ministry of Agriculture to concentrate on its links with the National Farmers' Union.

The predominance of agricultural policy and the exclusion of consumers has resulted in the absence of an autonomous food policy community. Rather, the food policy community has been a combination of three interlinked policy communities: on the one side there is the agricultural policy community which includes the farmers and MAFF and is the most integrated and dominant community; Mills (1991) identifies the health and diet community which includes the Department of Health, the Committee on Medical Aspects of Food Policy, the BMA (British Medical Association) and scientific advisers; and there is the food community which deals with issues related to the food industry like hygiene standards, labelling, etc. This includes the Ministry of Agriculture, the food industry and several advisory committees within MAFF. On certain issues these three communities come together to discuss issues which overlap.

This network had several significant features. First, it was almost completely dominated by the agricultural community. For most of the post-war period the food industry did not see its interests as conflicting with agriculture. The system

of deficiency payments which provided price support before Britain joined the EC allowed the food industry to have access to cheap food on the world market. Stocker (1983, p. 247 and p. 250) maintains that before Britain joined the EEC the food and drink industries saw little need for a concerted lobby and so did not develop an effective trade association. The food industry had access to MAFF and participated fully in discussion of food labelling and hygiene but rarely felt the need for lobbying. In a sense it was privileged in that its interests were represented without overt political activity (Lindblom 1977). Likewise with the diet and health community, Mills found that in the twenty-five years after the Second World War there was very little conflict between the diet and agricultural communities 'because the assumptions and goals of the two areas were compatible and indeed complementary.' Agricultural policy was seen as providing cheap and wholesome food (Mills 1991). Health policy was an adjunct of agricultural policy.

Although consumers were not consciously excluded, the view of MAFF was that they adequately protected consumer interests and therefore they did not need to seek consultation with consumer groups. Equally, consumers did not seem overly concerned with an agricultural policy that provided food at relatively low prices even if it paid little regard to wider food issues like nutrition, food quality and the health implications of diet. The view of the Ministry of Agriculture was that the agricultural policy of the post-war period provided cheap food and so was in the interest of the consumer (Mitchell 1983, p. 184 and p. 187). On the occasion of the setting of farm prices the ministry has admitted that, 'We do not specifically consult consumer associations...' (HC 137 1969, p. 225). The National Consumer Council (NCC) (1988, p. 22) have stated that 'Statutory consumer representation on any food policy committee in the UK is minimal...' The main food policy committee is the Food Advisory Committee (NCC 1988, p. 18). This includes only one consumer representative, its proceedings are secret and according to Cannon (1987) most of the members have close contacts with the food industry.

Consumer groups were not in a very strong position to force themselves into the policy communities. The consumer groups which existed tended to be limited in representation and priorities. Generally, consumer groups have paid little attention to food policy. Often they concern themselves with issues of product liability. In particular the largest independent consumer group – the Consumers' Association – has primarily adopted the role of testing goods for consumers rather than lobbying government (see Holbrook 1990). Consumer groups have also failed to become very representative. Consumer groups tend to be predominantly middle class (Giordan 1974) with a low density of potential membership. This undermines their legitimacy as representatives of consumers, diminishes their influence and justifies civil servants acting 'as our own quasi-consumer advisers.' (Stocker 1983, p. 255). Even the agricultural consultative committees had very little impact because their remit was limited to marketing boards (Martin and Smith 1968, p. 128). The National Consumer Council was set up by the government to represent consumer interests. It too is limited by its lack of membership and its links with government which sometimes make it unwilling to take radical positions that oppose government policy (Brompton 1989).

So consumer groups are poorly organized, poorly resourced and represent people who often have conflicting or ill-defined interests (Smith 1990a). They face well-organized, well-resourced groups with clear interests on both the farming and food industry side who have direct and institutionalized access to government. As a result of their poor organization, lack of interests and the general belief that Britain's agricultural policy was good for consumers, they had very little input into food policy-making. Moreover, the agricultural domination of food policy meant that to a large extent the term is a misnomer. As Malcolm (1983, p. 77) has pointed out, the government's main statements on food and agricultural policy in the 1970s, the White Papers *Food from our own Resources* (cmd. 6070, 1975) and *Farming and the Nation* (cmd. 7458, 1979), were 'characterised by their insularity, and their concentration on agricultural policy rather than food'. Whilst government actions have important implications for the food that is available, 'the ethic of freedom of choice has ensured only minimal government intervention in food purchase and consumption decisions.' (Josling and Ritson 1986, p. 3). Food policy has been limited to technical issues of promoting free trade, preventing fraud and ensuring public health and safety (Grose 1983, p. 216).

So from the 1950s to the 1980s food policy was largely an adjunct of a consensual agricultural policy which believed that by increasing production at home greater choice would be made available and all the government had to do was ensure freedom of choice and safety. Therefore food policy was a technical issue rather than a political issue. The lack of conflict meant that there was no need to involve consumers in policy making because their interests were not being threatened. Britain's elite policy-making style (Jordan and Richardson 1982) included those involved in the food process – farmers, scientists, the food industry but excluded consumers on the grounds that the issues were technical not political. Consequently, Britain's food regulation is much less rigorous than that of the Continent (Fort 1990). This community and perspective provides the context within which the issue of *salmonella* in eggs developed. With *salmonella*, food became a matter of intense controversy. This raises the question of why the policy community failed. How did it allow food to become a political issue and new groups to enter the food policy debate? The article will now examine how the issue of *salmonella* challenged traditional relationships.

SALMONELLA IN EGGS

Food policy in Britain was depoliticized because the system of deficiency payments meant that consumers', farmers' and manufacturers' interests could be reconciled. Moreover, various governments did not believe that their role extended beyond the provision of a safe and adequate supply of food. The extent of depoliticization is demonstrated by the treatment of food poisoning and *salmonella* before the eggs crisis. It was known much earlier than 1988 that poultry contained a high level of *salmonella* (in fact 80 per cent of frozen chickens contained *salmonella* in 1980 (MAFF/DoH 1989, p. 17)) and that the cases of *salmonella enteritidis* – the type associated later with eggs – had increased from 1,087 cases in 1981 to 6,858 in 1987 (Lancet 1988, p. 720).

Nevertheless, the issue of *salmonella* in chickens did not become one of political conflict. The view of the policy community was that *salmonella* in chickens was unavoidable and therefore the onus for the prevention of poisoning was on the consumer rather than the farmer or the government. The consumer, according to the London Food Commission (LFC) (1988), became the first line of defence against food poisoning and so was responsible for the proper handling and cooking of chicken. This was an expression of the traditional liberal view that food policy was not the concern of government but a market transaction between producer and consumer. The government did not choose the option of destroying flocks with *salmonella* or preventing the recycling of slaughterhouse waste where infected birds might be returned to the food chain (Druce 1989, p. 57). 'MAFF's own study of protein plants found that 21 out of 83 were contaminated, yet no prosecutions followed' (Lang 1989, p. 151).

However, by the end of 1988 the issue of *salmonella* in eggs had become a very salient political issue with the resignation of a minister and the introduction of a compensation scheme for egg producers. Therefore it is necessary to examine why the issue became so political, how the policy community tried to handle it and the long-term implications of the *salmonella* in eggs affair.

There is some disagreement as to when the link between cases of *salmonella enteritidis* and eggs was first made. There had been increasing concern about the number of cases of *salmonella enteritidis* which by 1988 doubled to 13,004 (HC 108-II 1988/89, p. 1). The relationship with eggs first became apparent in the United States in 1985 (St. Louis *et al.* 1988). According to Sir Donald Acheson, the Chief Medical Officer:

The first occasion on which the MAFF was formally informed of our concerns about the possible role of eggs in the increasing numbers of human cases of *salmonella enteritidis* PT4 was on 4 November 1987... The issue was next formally raised with them in December 1987. At that stage, however, the evidence was not sufficiently clear for any firm conclusions to be drawn. It was only in the summer of 1988 that the link with eggs became clear (HC 108-II 1988/89, p. 37)

John McGregor, then the Minister of Agriculture, confirmed that he was aware of a growing problem with *salmonella* in 1987 but between 1987 and 1988 discussion of the problem was limited to the policy community as MAFF and DoH attempted to determine the extent of the problem. In April 1988 the United States issued a warning that lightly cooked eggs could be a health hazard but the DHSS decided that there was no need for any new advice on preparing chicken or eggs (*The Times*, 16 April 1988). So by April 1988 MAFF and DoH were aware that a potential problem existed but believed that there was not enough of a risk to inform the public.

There are a number of interesting features to the story so far. The food policy community realized that a link between eggs and *salmonella* existed and it was a problem that could develop in Britain. Yet, policy makers in DoH and MAFF chose to keep the information out of the public domain. It appears that although there

was no conscious decision to mislead the public, the attitude of the policy community was that the public should only be informed of the issue once there was hard evidence. As there was uncertainty and difficulty in proving the link between eggs and *salmonella* (North and Gorman 1990), their decision was that the release of information should be limited. They did not believe it necessary to take precautions whilst evidence was gathered. The degree of caution within the policy community is highlighted by the fact that environmental health officers first linked *salmonella* to eggs in 1983 (HC 108-II 1988/89, p. 93) and that in Hull concern with *salmonella* and eggs led to the local health authority stopping the use of raw eggs from mid-February 1988 (HC 108-II 1988/89, p. 99). The policy community was continuing its aim of depoliticizing food by trying to prevent a scare and therefore initially attempted to keep information within the DoH and MAFF. Even the National Farmers' Union, a member of the policy community, did not know of the problem until May 1988 (NFU 1989, p. 60).

However, the problem did not go away. The Department of Health and MAFF recognized by May 1988 that a link between the increased cases of food poisoning and eggs did apparently exist and they continued to meet with scientists in order to determine the extent of the problem. According to John McGregor

when the first evidence started to come to light that a new problem was emerging, it inevitably took the scientists some time to be absolutely clear what the nature of the problem was and to try to identify what one had to do in order to deal with it and what advice to give the public (HC 108-II 1988/89, p. 166).

There were four meetings between MAFF, DoH and the Public Health Laboratory Service (PHLS) between June and August 1988 (HC 108-II 1988/89, p. 37). By July 1988 the PHLS had provided enough evidence to convince the DoH that there was a need to issue a warning to hospitals not to serve patients raw or undercooked eggs. However, a decision was taken not to inform the wider public (HC 108-II 1988/89, p. 41). Richard North (1989) has provided a detailed account of events leading to the *salmonella* crisis. Before a decision was taken to issue a warning, MAFF and DoH met the British Egg Industry Council (BEIC) and the NFU on the 13 June. DoH proposed three alternatives: to do nothing; to advise NHS against the use of unpasteurized eggs; to issue a public warning. A second meeting followed on 15 June when the DoH argued that the do-nothing option was less viable and it was agreed to have a drafting meeting in order to prepare 'defensive briefings'. On the 30 July NHS catering staff were advised to take more care in the preparation of egg dishes and to use pasteurized eggs where raw egg was required. In August the DoH, MAFF and BEIC met in order to agree a text to send to environmental health officers. Then on 18 November MAFF, BEIC and DoH met and 'From this emanated another press release' which warned the wider public of the problem with eggs. As North reports, press coverage was not very great (North 1989, pp. 316-19).

Although the industry initially opposed the issuance of a warning (North and Gorman 1990, p. 13), it was prepared to cooperate in a statement of advice

(BEIC 1989, p. 54). Nevertheless, the industry and the Ministry of Agriculture appear to have been successful in delaying the issuance of a warning to the general public until November 1988.

The strategy of the community was to try to retain the information and the control of the issue within their own network. The community wanted to limit the extent to which information was released in order to avoid political controversy (*The Times* 10 February 1989). They thus discussed what information should be released with the producers – the NFU and the BEIC – who saw the advice before it was made public. It is interesting that these issues were not discussed with consumer groups. MAFF in addition to trying to prevent a scare saw the best way of solving the problem through:

Developing codes of practices, because this makes it possible to find practicable methods of reducing infection which actually work in normal husbandry conditions. Developing the codes in discussion with the industry was considered likely to be more effective more quickly than the introduction of comprehensive and detailed legislation. . . (MAFF/DoH 1989, p. 3).

Initially the egg industry and the Ministry of Agriculture opposed advising the wider public. Indeed the British Poultry Federation tried hard to persuade the DoH that issuing advice would confuse the consumer and unfairly damage egg producers (BEIC 1989, p. 58). Still, in the summer of 1988, the producers were involved in the development of codes of practices to try to eliminate *salmonella* from eggs from July 1988 (HC 108–II 1988/89, p. 166). They were prepared to admit that a problem existed and that it needed to be tackled but not that the public needed to be informed of it. The community continually tried to solve the problem within their own framework by limiting the groups involved in discussion; restricting the release of information and trying to solve the problem through discussions with the industry rather than as a political problem in the public domain.

This secrecy was not because of a cosy conspiracy. Initially the ministry was dealing with ambiguous evidence and MAFF was insistent on rigorous codes which the egg industry had to implement or legislation would be introduced. MAFF also refused to clear its final November press release with the producers (HC 108–II 1988/89, p. 168). Nevertheless, it was easier for the policy community if the policy-making process was restricted to scientists and producers. If the *salmonella* issue became public there would be pressure for much greater change and legislation, demands from more groups to become involved in policy making and perhaps demands for new institutions. If the issue became party political it could also prove a vote loser. Yet despite the desire to keep the issue out of politics, this did not prove possible.

The affair dramatically hit the headlines when Edwina Currie declared that 'most of the egg production of this country, sadly, is now infected with *salmonella*.' This brought to the fore a whole range of conflicts which had existed within the policy community but had so far remained hidden from the public. Until this statement was made the community had tried to play down the extent of the *salmonella* crisis. Yet it is clear that throughout the period since May 1988 there had been

major conflicts between the DoH and the Ministry of Agriculture with its producer clients. The BEIC thought that the Department of Health was wrong to issue advice direct to the consumer (BEIC 1989, p. 58). In fact various egg producer organizations including the BEIC maintained that the evidence linking *salmonella* to eggs was circumstantial (HC 108-II 1988/89 p. 68; North and Gorman 1990, p. 35). They also blamed free range producers rather than factory producers for the cases of *salmonella* (HC 108-II 1988/89, p. 69). The Department of Health had felt throughout the period that MAFF was too protective towards the producers and so had prevented the DoH issuing a warning earlier and had toned down the warning when it appeared (*Sunday Times*, 11 December 1988). The main problem with Currie's statement was not really the allegation that most egg production was infected but the force with which she warned people against eating raw eggs.

So with Currie's statement these conflicts became public and *salmonella* emerged as a political issue. Consequently, the nature of policy making changed from one of agreement to one of conflict over the available solutions. John McGregor rebuked Currie, accusing her of damaging the egg industry by giving misleading information (*Sunday Times*, 11 December 1988). This was followed by an intensive lobbying campaign by the NFU to have Currie removed and to obtain compensation for the damage she had caused to the egg industry. According to Hughes *et al.* (1988) 'the industry's highly organised trade lobbies used every ounce of their political clout to bring about Currie's downfall.' The government was told that producers would be encouraged to sue Mrs Currie for damages. The NFU's six poultry specialists coordinated a nationwide campaign. The NFU wrote to 200 MPs and many were given telephone briefings. The 1922 Executive discussed the issue and decided that Currie would have to resign and this information was passed to Currie via the Chief Whip, David Waddington (Hughes *et al.* 1988). As a response to wide-spread pressure the government then announced a compensation scheme to buy eggs from farmers and as a result Mrs Currie resigned (*The Times*, 17 December 1988).

It appeared that the powerful farmers' lobby had been successful again. However, the reality is much more complex. The *salmonella* crisis was indicative of a general weakening of the position of the farmers partly as a result of long-term changes in the food policy community. The farmers failed to keep the *salmonella* in eggs issue off the agenda. The policy community which had previously managed to avoid conflict was now subject to widespread political debate. Food poisoning was transformed from an issue of a technical nature and of individual hygiene to one of central political importance.

There were a number of short-term factors which influenced this change. It is clear that the extent of the recent food poisoning outbreaks created a problem with which the community had difficulty coping. A new virus, with which scientists were unable to deal, had entered the food chain. However, the DoH and the MAFF had different views on how the issue should be tackled. MAFF saw it as a problem for the industry whilst the DoH saw it as a health problem. Consequently, the community no longer had a shared world view and the issue became political as a result of this interdepartmental conflict. Various actors resorted to overt political

activity when the crisis blew up in the media. It appeared that the farmers won by getting compensation and the resignation of Currie.

However, the politicization of food is demonstrative of the changes within the policy network. Moreover after Currie's statement the Ministry of Agriculture and Department of Health issued a stronger warning on the dangers of eating eggs (*The Times*, 14 December 1988); the Ministry of Agriculture announced a range of measures to tackle the problem of *salmonella* (*The Times*, 19 January 1989) and the government issued a White Paper which was intended to reassure the consumer by promising stricter laws on food hygiene (Cm. 732 1989).

Yet the real significance of the *salmonella* episode were the long-term causes and consequences of the event. Why was it in 1988 that *salmonella* became a political issue when previously food poisoning issues had been retained within the policy community as technical issues? The *salmonella* crisis was really the result of much wider changes in the food policy community and these changes are likely to have important effects on the nature of food issues and the way food policy is made.

THE LONG-TERM CAUSES AND IMPLICATIONS OF THE SALMONELLA AFFAIR

That *salmonella* in eggs became such an important political issue indicates that the policy community is not as it was for most of the post war period. We saw that previously food policy was dominated by concern for agricultural production. Consequently, within the community, MAFF and the NFU played a leading role in policy making whilst the food manufacturers and the Department of Health were generally willing to accept the lead of the producers and MAFF. However, in recent years the food community has become much more open. Not only have the food manufacturers and the Department of Health become increasingly active but new groups have become involved. The food retailers have enhanced their influence and political interests, the BMA have become more concerned with issues of diet, scientists and nutritionists, consumer groups and more radical groups like the London Food Commission have all become involved in food policy. Consequently, the agreement over food policy that previously existed has disappeared and food policy has become subject to conflict. It is this opening up of the policy community which allowed the eggs issue to be so controversial. Therefore this section will examine why this change has occurred and the impact that it has had on food policy and policy making.

The most important change in the nature of the policy community has not been the result of pressure group action but owing to a change in the economic position and interests of the food industry; in particular a change in the relationship between the food producers and the food retailers. As we saw previously, food producers had little reason to take on an active political role. Their interests were served by the government's *laissez-faire* attitude to food policy. Thus food manufacturers, through the system of deficiency payments, had access to cheap food whilst the government did little to prevent the use of additives, preservatives and sugar in food production. The British food industry became successful through buying cheap

food imports and adding value through the use of sugar, fats and additives in the production process (see Cannon 1987). The weakness of the consumer lobby and the view that health was related to choice meant that there was little political opposition to the food producers.

The economic dominance of food manufacturers was also maintained by the existence of retail price maintenance (RPM). By protecting small shops from competition, RPM kept the retail sector weak and divided and so the manufacturers were in a position to determine price (Gardener and Sheppard 1989, p. 154). Consequently, the British food industry has proved very successful. In 1974, 20 per cent of the world's largest food companies were based in Britain and 4.3 per cent of enterprises employed 82.8 per cent of employees (OECD 1981, p. 3). The British food industry became a highly concentrated and profitable industry. Hence, it felt little need for an overtly political role.

In the last ten or so years a number of factors have emerged which have forced the food manufacturers to become politically active. First, with Britain's membership of the EC, Britain lost access to cheap food supplies. Consequently, the interests of the food manufacturers and farmers diverged for the first time. The farmers have an interest in maintaining and increasing prices whilst the food manufacturers wish to see the reform of CAP in order to cut prices. Therefore, they now have to lobby MAFF, and at the European level, in order to have their interests represented. Traxler maintains that:

the regulative functions of the European Community affecting the food processing industry require an increased coordination of sectoral and intersectoral associative associations. This may lead to new patterns of organisation as happened with the formation of the Food and Drink Industries Council and the Dairy Trade Federation in Britain... (1987, p. 31).

No longer are their interests automatically served by the policy community. Secondly, as we will see later, there has been a greater interest in healthy food and concern about fats, additives and labelling. Again technical issues have become political and the food producers have had to become involved in political activity in order to defend their interests over issues such as labelling and health. The food industry has created organizations like the Sugar Bureau and the Butter Information Council to stress the healthy aspects of their food and to lobby on behalf of food manufacturers (Cannon 1987). The food industry has decided to tackle the health lobby head-on. It has mounted an 'intense and expensive public relations campaign designed to discredit the health claims against their products made by activists'. For example, the Sugar Bureau which is jointly funded by Tate and Lyle and British Sugar has challenged claims that sugar is bad for health (*The Guardian*, 4 July 1986).

Thirdly, the profitability of food manufacturers is constrained by the inelasticity of food demand. As income rises the proportion spent on food declines. Consequently, the food economy has become a smaller part of the overall economy (OECD 1981, p. 37). Hence, in order to maintain profitability, the food industry has had to become more competitive and more concentrated. Therefore the

economic position of processors is more precarious as they compete for a static market and expand through merger.

The most significant factor in changing relationships within the community has been the rise of the food retailers. The growth in size and concentration of supermarkets has challenged both the economic dominance of the manufacturers and their political interests. Since the 1960s the concentration and size of supermarkets has changed rapidly. According to Gardener and Sheppard:

Between 1961 and 1982 the number of shops selling food halved, whilst the number of supermarkets rose eighteenfold! Coupled with this, the retail market was becoming increasingly dominated by multiples. Between 1976 and 1987 they succeeded in increasing their market share from 57.1 to 78 per cent (1989, pp. 154-5)

The food retailers have developed a very strong economic position. Their increased buying power has enabled them to force down suppliers' prices (Gardener and Sheppard 1989, p. 146). According to Farago (1987, p. 166), 'Retail pressure is one of the major problems that confronts the food processing industry...' In addition to growing economic importance the retail sector has become increasingly competitive as a small number of supermarkets have competed for a share of a relatively stable market. This competition has resulted in the retailers appealing increasingly to consumers as a means of attracting customers from competitors and so they have used their position to challenge the policy community on behalf of the consumer. This has occurred in two senses - one by traditional contacts and the other through by-passing the political system. Hence, the retailers have become much more politically active and have for the time being sided with the consumer.

Individual retailers, and their trade association the Retail Consortium, have lobbied government on various food issues including food radiation, BSE and *salmonella* in eggs. For example, the supermarkets have attacked the government over its secret use of the hormone BST for increasing milk production. According to a Waitrose spokesman, 'The Government keeps saying that BST is safe, but we know our customers are concerned and we have no way to reassure them.' (*The Guardian*, 22 July 1988). Whilst food processors have found it difficult to develop trade associations and to organize to resist retail pressure, the retailers have become increasingly economically and politically important.

Yet, as we have seen, the food policy community has been slow to change and food manufacturers are in a position to oppose consumer and retail interests. Therefore retailers have used their economic power to ignore the policy community. Retailers are now so important to producers and manufacturers that they can impose their own regulations. Retailers have moved ahead of the government's food hygiene regulations and imposed rigorous standards on the companies that produce food for them. Marks and Spencers have introduced their own system of screening employees suspected of bacterial infection (HC 257 1988-89, pp. xiv-iv). In fact rather than the government imposing regulation on the retailers, the Social Services Select Committee recommended 'that the Government take

the existing practice of good employers in screening, treating and training in food handling as the basis for a code of practice' (HC 257 1988-89, p. xv).

In relation to issues of food labelling and healthy food, retailers have also gone beyond government regulations. The supermarkets have responded to consumer demand for healthy, well-labelled and additive-free food (Webb and Lang 1990; Gardener and Sheppard 1989). Despite the failure of the government to act on these issues, in 1985 Safeway made its own products additive free; Tesco and Sainsbury have removed tartrazine and other artificial colours from their own brands and Tesco launched an independent healthy eating campaign (Gardener and Sheppard 1989, p. 169). Tesco's system of food labelling is much more comprehensive and closer to the demands of consumer groups than any system that the government has proposed (Cannon 1987, p. 7). Retailers have also taken it upon themselves to ensure that their egg supplies come from *salmonella*-free flocks and that their suppliers are following the government's voluntary code (HC 118 1988/89, p. 127). Certain supermarkets are also refusing to stock irradiated food (*New Statesman and Society* 1989, p. 8).

The retailers have to an extent undermined the policy community partly through representing interests in conflict with those of farmers and the food manufacturers but more importantly through by-passing the community completely. Hence, they have reacted to the market power of the consumers because of the competitiveness of retailing and in a sense introduced a new form of political action into the food arena. Food retailers are strong enough to develop 'private policy' in concert with their consumers and thus short-circuit the constraints and interests of the policy community. Thus they can impose their own standards on producers and manufacturers regardless of government policy. This has resulted in them taking a lead in areas of food policy. Tesco's healthy food campaign was a means of encouraging healthy eating and not just a reaction. The retailers' demand for better hygiene has the impact of raising the issue of food handling and so forces the government into taking the issue seriously.

This is in some senses a different form of Streek and Schmitter's private interest government. For Streek and Schmitter (1985, p. 17) private interest government is an attempt to make 'associative, self-interested collective action contribute to the achievement of public policy goals'. Private actors participate in self-regulation in order to assist the government in developing certain policies. In the case of food retailers in Britain they are regulating other private actors in response to consumer demand to achieve public goals. However, these are not policy goals set by government. They are set by the retailers, sometimes in response to and sometimes ahead of, consumer demand and if anything they may be forced on government.

The increased economic power and political role of the retailers has incited the manufacturers to become more politically active. With the change in agricultural policy and rise of retail, health and consumer groups, food manufacturers have started systematically to lobby government. In 1973 the Food and Drinks Industry Council was formed and this represents 90 per cent of the food industry (Stocker 1983, p. 240). The food industry has developed good links both with the Ministry of Agriculture and with Brussels (Grant 1987 and Cannon 1987) and has been

closely involved in discussions on food labelling and hygiene (Stocker 1983). Mills (1991) reveals that in recent reforms of labelling legislation, 'Proposals forwarded by the various sectors of the food industry were incorporated into the guidelines at the expense of suggestions of consumer groups.' The importance of this increased activity is that it is another factor contributing to the politicization of food. It is interesting that recently the Conservative MP, Teresa Gorman, has accused the food industry of 'putting up a very weak defence to attacks on your integrity... Oppressive increases in regulation, in response to the public outcry, will surely follow unless you get your act together.' (*Food Magazine* July/September 1989, p. 10).

In addition to changing relations between retailers and food producers, the power of the farmers has also started to decline. Farmers are now much less economically important and their decline in terms of numbers suggest that any electoral influence they might have had has declined. New farm groups have developed, Conservative MPs have less attachment to rural issues than in the past and many on the right are critical of state support for agriculture. There has even been some cooling of relations between MAFF and the NFU (Smith 1990, pp. 190-1). As the Common Agricultural Policy has continually failed to deal with increasing cost and production, controversy over food policy has increased and farmers have been unable to defend the position that the only important policy goal is increasing production. Thus the impact of the farmers on food policy has declined and this is another factor in the changing nature of the food policy network.

The policy community has also been changed by the development of new issues. Food was becoming an increasingly political issue during the seventies. Inflation, CAP and a general world food shortage increased food prices rapidly and this led to growing concerns about poverty and nutritional intake. Groups like the Child Poverty Action Group and consumer groups campaigned on issues relating to the cost of food and the food quality of low income groups (Burnett 1989). Food prices were a major issue in the 1973 referendum on EEC membership and the 1974 general elections (King 1977). The Labour government also made food more political by introducing food subsidies in 1974 and by promising the TUC restraints on food price increases in return for incomes policy (CAS 1979, p. 31).

There has also been increased concern over the link between health and food. Britain has one of the highest rates of coronary heart disease in the world (NSS 1989). Since the mid-1970s new information has highlighted the relationship between diet and disease (CAS 1979, pp. 22-3; Mills 1991). Links between diet and heart disease were revealed through government reports (National Advisory Committee on Nutrition Education) and an independent review found that of 426 pesticides approved by MAFF, 124 were suspected of having links with cancer (NSS 1989: 1). Thus new scientific information has forced new issues on to the agenda with the help of campaigns by the media and pressure groups. Groups like the LFC, the BMA and nutritionists and scientists like Professor Richard Lacey have been very active in raising new food issues and linking food and disease. For example, the BMA, as a very respectable and influential insider group, has increasingly played a role in challenging the food industry. It has lobbied government in an attempt

to reduce sugar consumption and called for the government to develop a policy for food and health (*The Guardian* 11 March 1986).

These debates appear to have had an impact. The advertising agency, DMB&B, found that 51 per cent of households were 'not only interested in the idea of healthier eating, but actively doing something about it'. (*The Guardian* 4 July 1987). Mills (1991) has also demonstrated that the assumption that increasing food production will provide a healthy diet has been questioned and therefore the Department of Health has started to take positions on health and diet which are in opposition to the Ministry of Agriculture. So diet has added a new contentious issue to the policy community and resulted in new groups trying to enter the political arena.

It is not only in the area of health that new information and technology have forced new issues into the community. To a large extent the threats to the community are a result of new technology in food production and new information about the dangers of food. One clear example is the case of food irradiation. This is presented as a means of preserving food and so helping world hunger and preventing food poisoning (Webb and Lang 1990, p. 120). However, incidents such as Chernobyl have made radiation a controversial issue. Certain retailers, consumer groups and trade unions have opposed the irradiation of food and consequently the food industry has embarked on an international campaign to win approval (see Webb and Lang 1990).

Technology has also raised new issues through the development of factory farming. By keeping a large number of animals in a confined area, diseases quickly pass through stocks. Consequently, a high death rate is expected and so large doses of antibiotics have to be used in the production of pigs and chickens. Intensive techniques have also resulted in the spreading of disease through the food chain. As cows have been fed sheep, BSE has developed in cows; chickens have been fed the remains of chickens and so *salmonella* is reproduced in the chicken population (*The Guardian*, 29 January 1990). New technology has produced new problems with which the policy community has had to deal. There has also been the increased use of additives, pesticides and hormones in food production and increasingly the production of information on the impact that these chemicals have on the human population. Peterson (1989) has indicated that developments in biotechnology will have a major impact on the agricultural policy community by raising the level of production even further at a time of surplus. Again it raises questions about control and regulation of biotechnology and the impact it could have on the population.

A NEW POLICY COMMUNITY? A NEW POLITICS OF FOOD?

Undoubtedly these factors have combined to change the issues and groups involved in food policy. What was once a closed and united policy community dealing with what were seen as technical issues has changed into a wider policy network. The *salmonella* in eggs incident was not an isolated affair but an indication of the way the food policy community is developing. The *salmonella* affair highlighted changes that had been occurring since the 1970s. It was part of a process whereby these changes allowed the eggs crisis to occur. Once it happened it demonstrated how

food policy had changed and it accelerated the politicization of food issues which in turn drew more groups into the policy process. This change has not been the result of a single event but a combination of factors. New groups have entered the political arena; other groups have seen their interests and role transformed; and new issues have developed. Now retailers, food manufacturers, scientists and consumers all play a more vociferous role in food policy.

At one time British agricultural policy was seen as being concerned with providing cheap food which suited consumers, retailers and manufacturers. Recently, new issues have entered the political agenda partly because of the activities of these groups but also because of new information, changes in the economy and new technology. Britain's adoption of the common agricultural policy created conflicts of interest within the community. In addition new technology and new information have raised issues which the community has not been able to deal with within its value system. Once food became a political issue, it was difficult to exclude groups particularly with widespread media attention. In the late eighties a whole range of issues arose – pesticides, additives, listeria, *salmonella*, cook chill, microwaves, BSE, hormones, biotechnology. The *salmonella* issue was not a one-off but indicative of the way the issue of food has changed. It became a key issue which further fractured the policy community.

No longer was there a single decision-making centre but the Ministries of Health and Agriculture took opposing views and tried to define new responsibilities. In supporting their own positions they opened the policy community further by bringing in new groups and politicizing to a greater degree the issue of food. Consequently, the government has promised to introduce measures to improve food hygiene. New legislation is intended to make sure food technology and distribution is safe; prevent misleading labelling; strengthen existing hygiene laws; extend laws to take account of new technologies; registration of commercial food premises; powers to make emergency control orders and provision for training of those who handle food commercially (Cm 732 1989, pp. 4–5).

Is there now a new network? It is clear that groups which to some extent were passive or partial members of the policy community have now become active. There has been pressure from many groups, consumer groups, the Institute of Environmental Officers, LFC, backbench Conservative MPs, the BMA, nutritionists and the Labour Party to change the way that food policy is made either by reforming the Ministry of Agriculture or placing responsibility for food issues under the control of a Ministry for Consumer Affairs. The DoH is no longer prepared to accept the MAFF's lead. Hence, they have been much more active in giving a role to doctors and nutritionists; also retailers, food manufactures and consumers are now active and in conflict.

There have, in addition, been institutional changes. The Ministry of Agriculture has created a new advisory committee to look 'urgently, with a view to recommending action, at specific questions relating to the increasing incidence of microbiological illnesses of foodborne origin, particularly *salmonella*, listeria and campylobacteria.' (Cm. 731 1989, p. 9). This committee signifies the new political sensitivity of food issues. Its role is to 'be a trouble-shooting one, fielding food

poison scares as they appear and offering the government swift and expert advice.' (Hughes 1989). MAFF is also to provide institutional access for consumer groups. The Ministry of Agriculture is to create a new consumer panel which is intended as 'a direct means of conveying their views on food protection issues to the Ministry.' (*The Food Magazine*, Jan./Feb. 1990).

Yet it is important not to exaggerate the degree of change. The government has lifted the ban on irradiated food despite the concerns of various groups. The Department of Health has been accused of trying to limit information on the extent of cook-chill poisoning in hospitals (North 1989) and the Social Services Committee found that the Department of Health knew of the problem of listeria in 1987 but did not issue a warning to pregnant women until February 1989 (after the *salmonella* affair) (HC 257 1988/89, p. xi). The political sensitivity of food issues resulted in the Department of Health not issuing a warning about listeria in pâté until two months after it was discovered (*The Guardian* 14 July 1989). Over the issue of BSE the government originally ignored consumer pleas to pay full compensation for infected cows. Initially MAFF only banned the use of offal in baby foods and originally refused to make BSE a notifiable disease on the grounds that there was no proof that the disease could spread to humans. It was only eighteen months after the disease was discovered that Minister of Agriculture ordered that all cattle with BSE be destroyed (*The Guardian*, 11 July 1988) and only in June 1989 that the use of offal was banned (*The Guardian*, 12 June 1989). This apparently demonstrates MAFF's continued willingness to side with the producers when there is doubt.

In the case of the hormone BST the government has refused to reveal which farms are using BST and so consumers have been denied the right to choose whether or not to buy milk which contains the hormone. The government has so far refused to ban the use of the hormone despite the fact that the Veterinary Products Committee is secretly advising the government against the production of BST (*The Guardian*, 11 July 1988). The government has even rejected the main recommendation of the first report of the new Committee on Microbiological Safety of Food that a prior approval licencing system be introduced for various institutions dealing with food (*The Food Magazine*, April/June 1990).

There still seems to be a high degree of exclusion of consumers. The NCC has revealed that consumer groups have found it difficult to get onto consultation lists; that they were only consulted after decisions had been reached; that consumer groups often lack expertise and they often do not have sufficient time to respond to government proposals (NCC 1988, p. 32). The Ministry of Agriculture has continued to be secretive over the issue of *salmonella* in eggs. They have refused to clarify the situation. MAFF's new consumer board contains four representatives nominated by government funded consumer bodies and only one nominated by an independent group – the Consumers' Association. Radical groups like the LFC and Parents for Safe Food continue to be excluded (*The Food Magazine*, Jan./March 1990). Nevertheless, the increased number of groups involved in food issues and the interest of the media means that the government is finding it much more difficult to manage food policy.

CONCLUSION

It is clear that with the politicization of food and new entrants into the policy network, food policy-making is not what it was. The *salmonella* affair reveals the extent to which food has become a key political issue and how the once consensual food policy community has become divided and conflictual and much more open to new interests. In trying to explain this change we have an interesting comparison with agriculture. The agricultural policy community is closely related sharing a number of members and has been faced with great pressure for change but has so far managed to deal with the change largely within the policy community (Smith 1989). Why does the food policy community appear to have fractured whilst the agricultural policy community has to some extent stayed intact?

The agricultural community has a more limited range of actors and decision-making centres. The economic actors within agriculture are limited to farmers and decisions are made largely by the Ministry of Agriculture in Britain and the Council of Ministers in Europe. The European dimension offers the agricultural community extra protection because the Council of Ministers continues to be dominated by agricultural interests and so reform of the CAP is very piecemeal.

With food there are two decision-making centres; MAFF and DoH. This was not a problem when they agreed on policy but once new interests and policies developed they adopted conflicting positions. The reasons for these conflicts are various. It is clear that within the area of food, the interests of farmers are not privileged to the extent that they have been. With overproduction and budgetary squeezes within the EC, farmers are economically less important than they were in the post-war years. At the same time, new information has become available and, with adequate supplies of food, interest in healthier eating rather than the provision of food has developed. These changes created political controversy and crisis within the community. With the development of a political crisis in the form of conflict within the community and increasing numbers of groups trying to enter, issues were raised with which the community had not previously had to deal. Food became political in the sense that there were no longer set groups and solutions which could be applied and therefore the community degenerated into an issue network.

Moreover, the policy community had many more powerful actors – scientists, doctors, farmers, food manufacturers and retailers. Again this was not a problem whilst there was little controversy over policy but once new issues were raised conflict broke out between groups that each had important resources. In addition new issues were forced onto the agenda by new groups and the media. Because the policy community did not agree on how these issues should be dealt with they became politicized. This was undoubtedly helped by the fact that food issues, like heart disease, additives and food poisoning touch people much more directly than agricultural support prices. Perhaps most important is the way in which food did have an economic actor in the food retailers with real power that could break through the policy community. This is something that is lacking in agriculture as the main challengers tend to be relatively weak consumer and environmental groups.

In explaining how policy communities change it appears that some are more open to change than others. If a potential for conflict exists, there is more than one decision-making centre, and the community contains a range of powerful actors, then the possibility of new issues and groups entering the policy community is greater. Clearly, new or reactivated pressure groups are important in opening up a community but there has to be a means for these groups to enter. So groups are assisted in their task if new issues or information cut across the policy community and create new problems with which the community cannot cope. In food the existence of two state actors which disagreed on how to deal with new problems meant that the food policy arena quickly became political and this provided other groups with an opportunity to undermine the community.

NOTE

1. Deficiency payments were a system of farm support whereby a price was set at the Annual Review and if farmers did not receive that price on the market the government would pay the difference between the market price and the guaranteed price. This had the advantage for consumers that they could buy food at the market price.

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PUBLIC MANAGEMENT ---

THE FINANCIAL MANAGEMENT INITIATIVE IN THE FCO ---

ROGER TOMKYS

This article focuses on the Diplomatic Wing of the Foreign and Commonwealth office (FCO) in this country and diplomatic missions overseas. The Overseas Development Administration, though brigaded with the Diplomatic Wing under the Secretary of State for Foreign and Commonwealth Affairs, is substantially a separate organization staffed by Home Civil Servants and with its own Accounting Officer. Though we work closely together, the organizations are distinct.

The main objectives of the Diplomatic Wing of the Foreign and Commonwealth Office are set out in the Public Expenditure White Paper as being:

- i. to enhance the security and prosperity of the United Kingdom and the Dependent Territories; and
- ii. to promote and protect British interests overseas, including the interests of individual British citizens.

These broad terms can be redefined to offer more substantial guidance. For the present purpose, it may be helpful to generalize about activities rather than objectives. In these terms staff within the FCO in London are engaged above all in providing advice to ministers, an activity not dissimilar to that in which the policy core of the Home Civil Service is also engaged. But we have much less involvement with legislation and much more responsibility for consequential instructions to posts overseas and direct dealings with diplomatic missions in London.

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Overseas our posts are responsible for:

- i. the management of our relations with other governments, including reporting on overseas developments which form the background to those relations;
- ii. the pursuit of HMG's policies on a wide range of intergovernmental issues, both directly with other governments and through international organizations, and including such relatively new issues as drugs, environment, counter-terrorism, non-proliferation, etc;
- iii. the support of British commercial interests in visible exports, invisibles, and the promotion as appropriate of investment, particularly inward investment;
- iv. the operation of immigration controls overseas and consular assistance for British citizens abroad;
- v. the projection of Britain and British values, not least through the FCO's relationship with the British Council, and the FCO's associated responsibility for expenditure on the BBC External Service; and
- vi. a contribution to the administration of the British aid programme.

RESOURCES

To undertake these activities the organization's principal resources consist of manpower, a Home and Overseas Estate, and a substantial inventory of communications and security hardware. Translated into financial terms the total cost in 1990/91 is of the order of £903 million, of which more than half is in running costs, pay, travel, allowances, maintenance, etc. Of the remainder, just over £200 million is made up of grants to BBC External Services and the British Council, and a further £150 million to cover subscriptions to international organizations, etc. (£94 million) and the range of programme expenditure directly under the control of the FCO. Total UK-based manpower is about 6,600, of which Home Civil Service staff makes up nearly 2,000. Within the 4,700 Diplomatic Service staff in all grades, some 2,600 serve overseas and about 2,000 at home. To these figures should be added some 7,000 locally engaged staff at overseas posts. It will be noted that the proportion of programme expenditure to running costs is very low and that the overall scale of the operation is, in central government terms, not large at something over 0.3 per cent of total central government expenditure.

These resources enable us to deploy staff in some 209 posts covering 167 countries. A rough guide to the spread of functions among staff at these posts may be one-third to commercial work and a quarter each to consular/immigration on the one hand, and political/economic and related activities on the other. The remaining fraction might best be described as 'various'. The service is of much the same size as those of our French or German analogues.

MANAGEMENT BEFORE THE FINANCIAL MANAGEMENT INITIATIVE (FMI)

Let me try to describe how this organization was managed before FMI. It should be noted that two important steps had been taken in the dark ages before FMI. First, responsibility for management of the Overseas Estate had been transferred from the Property Services Agency to the 'in-house' Overseas Estate Department.

This move, which was accompanied by a good deal of bureaucratic agony, runs counter to the main thrust of the 'next steps' or privatization and is hard to undo. Secondly, the Diplomatic Wireless Service based in Hanslope was integrated into the main Diplomatic Service structure but Hanslope enjoyed budgetary responsibility. Here again a difficult decision, once taken, has militated against any subsequent change of status.

This said, the most salient features of pre-FMI management in the FCO were:

- a. a high degree of centralization of administrative decision-making. Even trivial expenditure at posts was determined by the central administration departments in London;
- b. the low standing and esteem in which administrative work was held. Repeated efforts were made to change this: one, well-advertised, 'year of administration' in the early 1970s came close to doing for administration in the FCO what Kissinger's 1973 'year of Europe' did for trans-Atlantic relations;
- c. administration was practised in-house not by professionals but by members of the Diplomatic Service, who were likely to suffer in their turn the whims of their colleagues in the central departments. Management, if the term was used, was thought of largely in personnel terms very much as man-management. Unlike the administration of financial resources or the estate, its prestige was high.

FMI

It was from this culture and with no previous management experience that I found myself appointed Principal Finance Officer following our break in relations with Syria, where I had been Ambassador. At the time the FMI was some three years old. The broad lines of the FCO's response to it had already been established, including the introduction of a financial information system which meant that for the first time we could attach costs to management choices, and also, with more or less accuracy, to the various functions fulfilled by staff and posts world-wide. The computerized information system used for this purpose was free-standing. The development of information technology into the FCO (though not communications, on which we have long-established technical expertise) has been anything but smooth. It is of course clear to all concerned that in an ideal world we should have an integrated system which would enable us to translate directly from manpower resources to financial implications and indeed to the objectives of our tasks. But our attempts at integrated systems, even falling short of this ideal, have proved for the most part unsuccessful, notably the FOLIOS system which was abandoned some two years ago. The systems which have so far proved their worth have been those which have been more limited in their scope. Interaction between systems remains a problem. The difficulties we have encountered with attempts to integrate have sprung partly from the confidential nature of much of our work. We do have to take the fear of hacking, still more of international eavesdropping, very seriously. The problem is compounded by the world-wide spread of our posts, often operating in circumstances favourable to hostile intelligence. And resources

to enable us to pay the going rate to recruit and retain sufficient IT professionals, are a severe constraint.

The second element already built into the system in the early years was a Top Management Round (TMR) comprising an annual assessment of objectives and priorities, enabling us to give orderly consideration to the potential for shifting resources or the adequacy of our public expenditure survey provision to meet our tasks. Here the learning curve has been steep and the professional quality of the presentation of our arguments within the PES has improved dramatically. But the system still has limitations compared with budgeting within a private sector organization.

We also introduced with FMI a considerable measure of devolved responsibility. Instead of financial decisions being taken almost exclusively by the pariahs of the administration, they were devolved where possible to line managers who were further encouraged, particularly at the Assistant Under Secretary (AUS) level, to become managers rather than simply policy advisers. AUs were given budgets. They were given responsibility for weighing bids from posts for resources or assessing the need for cuts. Only to a very limited degree were they given a say in the management of personnel (where I have already referred to the high status of management in the pre-FMI days), but even there we have developed some flexibility for AUs, and in a limited degree heads of mission overseas, to shift manpower within their commands.

A specialized form of devolved responsibility of particular importance has been the development of local budgets. Some 80 per cent of local expenditure at posts abroad (excluding UK salaries and allowances) is now within the control of post management. Excluded still are major capital expenditure and some specialized issues like the furnishings of major residences. This development has meant much new work and new tricks to be learnt by management overseas, but has been popular and it has proved its worth. You may note, however, that such devolution to posts, reinforcing the overall control of Heads of Mission, militates against any moves to 'hive off', whether by privatization or by the creation of agencies, particular functions at posts abroad. And 'hiving off' functions at home, while retaining control of the overseas execution of the responsibilities concerned, would create 'us and them' divisions which would in themselves exacerbate management problems and run counter to the general thrust of FCO management. There are other ways to approach the problem. But those diplomatic services (the Dutch for example) which have historically separated home and overseas cadres have in many cases moved back toward integration.

The change in attitude required has been profound. Where formerly post management might seek to maximize their personnel and other resources through protracted correspondence and through defence of their manpower against periodic inspections from the centre, post managers are now required to see themselves as responsible for the economy and efficiency, not just the effectiveness, of their operation.

Devolution within the FCO system has a limited but important parallel in the relationship between the FCO and HM Treasury. Of course problems remain. But we have negotiated or been given considerable increased financial flexibility for

the management of the estate, some limited derogation from the curse of annuality, and highly practical if complex arrangements to iron out the arbitrary effect of currency fluctuations on our overseas costs.

ASSESSMENT

Then I ceased to be Principal Finance Officer and returned to my old trade of diplomacy. This has given me another perspective and may enable this evaluation to be relatively objective.

POSITIVE

On the positive side the Diplomatic Service has become much more management conscious. We manage our affairs to better purpose. The setting of objectives has contributed to this end, particularly at the working level. We have greatly improved our efficiency in the way in which we purchase goods and services, travel and freight contracts, wholesale supplies of medicaments, etc. We have privatized some of these functions centrally, with genuine savings and improvement in service. Local administration at posts has produced valid savings and also enabled staff requirements to be met more expeditiously. Health care is a subject of growing concern, particularly as conditions deteriorate in Africa and with the threat of AIDS, Hepatitis B, etc. We have scrutinized and re-organized the medical services we provide, which are now contracted out largely to St Thomas's Hospital. The Top Management Round has certainly imposed more order into the system, and we are far better equipped to withstand searching Treasury and Public Accounts Committee examination. In the large administration departments, as well as at posts abroad, objective-setting has not only helped management of more junior staff, but it has helped to eliminate remaining pockets of ill-directed activity.

NEGATIVE

But there have been costs to pay. The system is imperfect, particularly in the flow of valid and timely information on which management decisions should be made. It is very labour-intensive. The lynch-pins of the system, the AUSs, are also key staff for the provision of quality advice to ministers and as negotiators in the field. There is no doubt that good management has cost us more effort on the part of scarce policy-capable staff than did our old system.

The TMR is an attempt to allocate resources (and because of the structure of the service this predominantly means *human* resources) from the top down by determining priorities. This is often unrealistic. I remember that the Central Policy Review Staff started from the same apparently reasonable viewpoint in their examination of the Diplomatic Service 15 years ago. But in fact if we want to know how many staff are needed to man the United Kingdom Delegation to NATO, it makes sense, at least at the initial stage, to start from the bottom up and count committees to be manned, jobs to be done rather than attempt to deduce it from the importance of the work. And although we make a valiant attempt to assess performance and advance officers' careers according to their ability to achieve agreed objectives, in practice this does not work in policy-oriented jobs where the

officer is coping with a changing environment over which control is severely limited. And such are the majority of our fast stream jobs and many others too. We lack the clearly defined 'bottom line' that imposes its strict discipline in a commercial enterprise.

It is also the case that our core business is not management. As Deputy Under Secretary Africa and the Middle East, my business is to use diplomatic experience and judgement to ensure that ministers get good advice and that their decisions are executed efficiently; to persuade others in Whitehall of the validity of the case, and to argue cogently with foreign representatives, whether in a basically co-operative or in an adversarial mode. I am not entirely free of management of course. In particular the Deputy Under Secretaries sit under the Permanent Under Secretary's chairmanship as the Top Management Board, with a key role in the setting of priorities and allocation of resources. But if I prove to be a bad or destructive manager, it will impose costs on the system as a whole but it will not invalidate my quality as an operator. The same is true to some degree also of ambassadors in the field, though they, as leaders of an identifiable unit or team, have somewhat greater managerial burdens. Whatever the level of our commitment to FMI, this basic fact will persist and will be reflected in the identification of members of the service to rise to the highest levels.

Further reservations must be expressed about the context in which we work. In important respects we have more freedom to manage our affairs without detailed intrusion by HM Treasury than was the case before FMI. But while central departments anywhere must be for economy and efficiency, they must also be instinctively *against* devolution of responsibility, just as the central administrative departments within the FCO regard loss of control to posts or AUs with suspicion. Purposeful management has been developed, but it continues, quite rightly, to be linked with old-fashioned accountability to Parliament and the central departments want to be sure of their ground. Indeed we all have some reservations about the robustness of our new systems, since our managers (the old administration officers) have many new skills to learn and the old low standing of their trade is not transformed overnight. But the circumscriptions to our freedom to manage are important. Above all, we do not negotiate salaries or conditions of service and analogy with the Home Civil Service produces perverse results. Performance points are divisive and difficult to allocate between, for example, Paris and Kinshasa. Management of the Estate and IT development are handicapped because we cannot recruit and retain sufficient competent professionals at civil service rates, nor employ consultants without increased costs. And all must be done within a Treasury 'uplift factor' which forces short-term reductions in expenditure, for example on Estate maintenance which, in our view, have negative results in the longer term. And this squeeze year after year can be demotivating to the staff concerned, some, by no means all, of whom are working over-long hours in difficult, sometimes dangerous, conditions.

In the face of these difficulties, we have looked at the possibility of divesting ourselves of some of our direct functions (immigration control, for example) or key support elements (the Estate, or communications). But we have concluded, at least for the moment, that the costs would outweigh the benefits. The fact that

the service is largely made up of more than 200 posts, many of them small, to which we have sought to give real devolved responsibility, is a serious factor in this calculation. And the earlier decisions to modernize 'in house' the management of our Overseas Estate and of Communications, referred to above, have reinforced the preference for continued integration.

THE BALANCE STRUCK

FMI has brought improvement in management and some clear gains. The organism has adapted to a system which fits us imperfectly. My personal impression, and this is not a departmental or official view, is that the gains achieved will be hard to maintain in the long term with the present squeeze on resources and with existing salary disparities. We now face a period in which the work load on the service, because of developments in Eastern Europe, has greatly increased in that sector and the resources for the purpose have to be found by reductions elsewhere, notably in Africa and South America. The jobs which are being shed are for the most part just as important as they were in the past. But they are given up because we can no longer afford to do them.

We are not dealing here with a major component of government expenditure, but with a relatively small department comparable in scale with those of our analogues overseas. The need to avoid special exceptions to Public Expenditure adjustments is understandable, but there is a risk that we might lose sight of the purpose of the Diplomatic Service which is not to manage assets but to conduct effective foreign policy.

For the present, by the government's standards of recruitment, retention and motivation, morale in the service is maintained at an acceptable level. It is however under distinct strain. There is room for adjustment. The FMI is accepted as a permanent fact of life and in many respects a success, not a passing fad. But now that we have learnt the basic melody, we need time and resources to polish up our performance.

This has been very much a personal view. Perhaps I may close by quoting from the report of a colleague with no experience in central administration who attended a Top Management Programme course this year. Of that experience he writes:

I was struck by just how well managed the FCO is, in comparison to many private sector firms and a number of other departments. This applies to both resource and personnel management. We have largely absorbed the FMI, and its overall value-for-money aim, into the system. Staff at most levels understand where they fit into the strategy. The Review of Personnel Management notwithstanding, individuals are recognized and looked after to a degree rarely matched in other organizations. And that is not wholly explicable through the nature and needs of service abroad, tending as it does to breed a family culture. The main blot is IT. Our approach appears antediluvian. We are being left behind. This is increasingly relevant to efficient administration.

This assessment is certainly not the whole story. But it is close enough to my own experience to give me some confidence that the personal view I have offered you would be endorsed by competent colleagues and may even, at the limit, have some objective validity.

REVIEWS

GETTING PEOPLE INTO JOBS

Keith Hayton

HMSO, 1990. 114pp. £13.00

TARGETING URBAN EMPLOYMENT INITIATIVES

Ivan Turok and Urlan Wannop

HMSO, 1990. 75pp. £8.50

TOURISM AND THE INNER CITY

Polytechnic of Central London

HMSO, 1990. 82pp. £15.50

US EXPERIENCE OF URBAN REGENERATION

T. Barnekov, D. Hart and W. Benfer

HMSO, 1990. 66pp. £7.70

FIVE YEAR REVIEW OF BOLTON, MIDDLESBROUGH AND NOTTINGHAM PROGRAMME AUTHORITIES

PIEDA Ltd.

HMSO, 1990. 189pp. £16.50

PATTERNS AND PROCESSES OF URBAN CHANGE IN THE UNITED KINGDOM

Tony Fielding and Susan Halford

HMSO, 1990. 72pp. £9.75

It is just over ten years since Michael Heseltine, after a major review of policy and a deal of infighting with the Department of Industry, reaffirmed that the Conservative government was committed to an Inner Cities Policy, albeit one to be implemented through a reformed institutional structure and with a strong lead from the private rather than the public sector. Returning to his portfolio in 1991, what research evidence can he call upon to demonstrate the effectiveness of policies and programmes in the 1980s, or to show him appropriate directions for the 1990s?

Five reports published in 1990 represent only a snapshot of the output from government-commissioned research on urban policy during the 1980s (there have been eight other *Good Practice Guides*, around twenty *Research Evaluation* studies of differing aspects of policy, and most recently three reports in a new *Reviews of Urban Research* series). Nevertheless the 1990 output offers an insight into the shifting paradigms which have underpinned policy research over the last decade and into the ambivalent relationship between policy and research.

Since the mid-1980s the Department of the Environment has been subject to considerable criticism over its lack of knowledge about and control over the Urban Programme, and much of the research of the middle of the decade was devoted to 'programme defence' – the production of evidence which demonstrated both to what uses programme funds were actually put and whether these uses were worthwhile. The research paradigms were predominantly those of management studies and operational research echoing the paradigm which Heseltine himself had imposed upon DOE and much of the rest of government in the early 1980s with his MINIS initiative. Thus whilst the PIEDA Review of Bolton, Middlesbrough and Nottingham documents the increasing attention given to local economy issues over the years, together with some of the consequences of the growing relationship with other organizations, notably the Manpower Services Commission, the research thrust of that review was primarily managerial. A quote from the PIEDA report captures the thrust of research in this mid-1980s period: 'the three local authorities have... built up considerable expertise and many aspects of their administrative procedures demonstrate good practice in the management of resources'. The overall impression is one of growing stability, normalization and indeed boredom with the administrative burden of managing the Urban Programme in each area. The report indeed observes that a 'key feature of the way in which IAP projects are identified is the extent to which it has become a routine part of departmental business'. Whilst the three towns in question are quite different (and the PIEDA analysis does recognize these differences) the evaluation research of the 1980s does little to identify the existence or significance of local discretion in the implementation of the Urban Programmes. Similarities between cities and their programmes seem more striking than differences, with no real feel for distinctive local variation. This research recalls an observation of the early part of the decade, that administrative inertia has been endemic to Inner Cities policy through the 1980s. The PIEDA three towns study can best be regarded therefore as a timely input to the annual processes of fending off the Treasury, and an indicator perhaps of the Urban Programme as the safe end of urban policy (as opposed to the Urban Development Corporations and Task Forces then getting under way).

The PIEDA study (commissioned in 1986) nevertheless shows early signs of those interests to be highlighted in policy after the 1987 General Election and to be developed in the Targeting, Getting People into Jobs and US Comparisons research of 1988–9. Each of these three projects addressed the research question from quite different standpoints. The first sought through case study work to identify different types of targeting and different ways through which more effective targeting might be achieved; the second adopted a comparative approach, reviewing the extent to which lessons could be drawn for UK policy from the evaluation of urban regeneration initiatives in the USA; lastly Getting People Into Jobs was explicitly aimed at identifying and documenting good practice (though both other reports also directed themselves to this theme). All three responded to the policy concern of the late 1980s that urban policy should reflect even further the drive for value for money and added value, particularly with respect to employment creation, and that policy in the early part of the decade had been insufficiently targeted upon the overlapping groups of local residents, black people, the long-term unemployed, young people and other minority groups.

The comparative US evaluation report seems to display a degree of complacency in so far as the analysis fails to highlight sufficiently two key characteristics of US intervention for targeted job creation. The first is the failure of trickle-down processes and hence the increased polarization in cities as benefits accrue primarily to those already on

the ladder; the second is the much stronger commitment in the US to positive action with the potential for influencing private action to generate employment gain. The importance of this latter point is reinforced by the *Getting People into Jobs* best practice report (which identifies the then innovative Copthorne customized training scheme as a good example of private sector involvement). Targeting, however, needs not only to be sensitively and selectively introduced (as the Glasgow report concludes) but must be seen only as an adjunct to the mainstream processes of recruitment and training by private firms and public organizations. Working at the margins of the labour market is insufficient; the full implications of drawing employers more explicitly into positive action for cities, though, remain to be addressed by UK urban policy.

Finally any full US/UK comparison reveals the key role of public sector funding in urban regeneration initiatives whether these be public, private, or joint. In the US the withdrawal of federal involvement in urban policy has been matched by an increase in the local capacity to engage in and resource local economic initiatives. Indeed federal withdrawal is posited upon a local capacity potential to sustain decentralized urban employment creation. The research commissioned by DOE points out that recognition of the need for local capacity exists to a much lesser degree in the UK. Indeed one of the strengths of the UK is the ability, through a unitary political system of Parliament and Executive together with a strong unifying tradition in public administration, to bring about consistency in policy implementation through central control. Some would see this as a weakness rather than a strength.

The Tourism and the Inner City research study links the tradition of project evaluation established in the early 1980s with the more explicit targeting concerns of the later years, looking at the impact of tourist projects and focusing in particular on the distribution of employment gains and on the spin-off to the local economy. This report is unexciting, applying to the urban context, without much critical appraisal, a methodology more suited to the less open economies of traditional tourist areas. Nevertheless the acceptance of the significance of the growing service economy is an indicator of shifting policy interest and of an implicit awareness that new forms of capital accumulation lie at the heart of public and private sector renewal for inner areas. The tourism study, by virtue of its no doubt unintended focus on the potential for contemporary exploitation of the legacy of past rounds of investment and disinvestment, also offers an unusual, but very welcome recognition of the importance of a longer-term perspective on the processes of urban change.

This creeping acceptance, so often absent in short-term policy analysis, of the significance of historical circumstance in understanding and shaping contemporary social and economic response is again visible in the Sussex study. This is a selective review of the literature on urban change in the UK since 1971. Albeit arbitrary in its choice of research from which to draw evidence, it exposes policy makers to the complexity of the socio-economic assumptions upon which much policy has been built and indeed to the fragility of many of the solutions which have been attempted in the last decades. The integration into useful policy language of the import of 20 years of urban research is diluted only by the polite terms in which what is in effect trenchant criticism is couched. On the one hand the conclusions are about the paucity of research on a range of issues – land-use and built form, the nature of the construction industry, the changing nature of the household, community and culture for example. On the other hand the report both gently debunks much of the research upon which recent policy initiatives have been constructed (including for example the 'quite unacceptable' basis of architectural determinism upon which much current housing and crime policy is built) and points out the complexity of many of the urban 'problems' urban intervention has sought to solve.

The very existence of this report, however, may reflect a more thoughtful approach in DOE at the end of the 1980s. Certainly some of the more recent projects commissioned by the department reinforce the impression that urban policy is emerging from the 1980s with a grudging recognition that policy makers know rather less than they thought they did about recent urban change.

Thus research for the 1990s must have a number of new defining characteristics. First there is the need to consolidate the managerial perspective on policy – organizations, value for money, indicators and so on – with a renewed socio-economic perspective. This will become all the more necessary with the advent of 1991 census data and the potential to analyse and interpret the socio-spatial urban map of the 1990s. In particular it will be necessary to pin-point the spatial location of the 'inner city' which is not of course an essentially spatially specific concept, but is related rather to the distribution in space of particular social and economic phenomena. The balance of policy has already begun to recognize the outer estates; the 1990s will need careful research for policy which reveals the similarities and differences between the inner city problems of the 1980s and the peripheral urban problems of the 1990s. Indeed the 1990s should see the re-emergence of thinking about the role of cities in their regional or sub-regional context and about the 'urban system' as a whole as opposed to urban programmes for 57 disparate and apparently unconnected areas. At a time when Brussels has commissioned comparative, cross-national research on the structure and function of urban settlements and may be moving towards an urban policy for Europe, is it not time to rethink the need for a national urban policy for the UK?

Secondly there will be the need for research into the appropriateness of different urban institutions for the 1990s. It is noteworthy that despite its managerial and value for money orientation, DOE research output does not include anything about Urban Development Corporations, about Task Forces or about City Action Teams and the focus of research has in practice been upon the management of the, now fairly marginal, Urban Programme. In the coming years a number of the *ad hoc* agencies of the 1980s will reach the end of their life, and research will be needed not solely upon their impact during their life but also upon the effectiveness of their exit strategies and the organizational and managerial questions arising from the advent of 'successor' organizations.

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INTEREST GROUPS

G. Wilson

Blackwell, 1990. 198pp. £30.00 (cloth), £10.95 (paper)

The editor's introduction (by Gillian Peele) makes the point that there is a tendency for discussions of the framework of comparative politics to become divorced from the subject's empirical discipline. This, she says, has been debilitating for the discipline and misleading for the student. This book is to be welcomed precisely because it does attempt to integrate the two types of material. The early part of the book has a useful discussion of the definitional issues involved. The obvious starting point is the study of organizations which members join to alter public policy. But many politically relevant organizations do not have the determining of public policy as their primary purpose. Shell or even the RIPA might on occasion urge views on government but that is not their reason for existence. Wilson demonstrates that there are often indistinct boundaries between interest groups and parties or governments and that organizations may be more active in wearing their interest group hats at different times.

He shows that there are problems in interest group research. Even if a politician acts in a certain way, does it follow that this was because of an active interest group? Was that pressure no more than coincidental? He notes our present professional commonplace that even if interest groups dominate certain policy areas there might well be a different pattern in other policy fields. Wilson describes the pluralist position setting out how this

has both prescriptive and descriptive dimensions. He notes that the latter is more widely challenged; in other words even if one sees nothing wrong with pluralism as an ideal, one can query the degree to which it is found in practice. He notes that Dahl and Lindblom have 'revised their views somewhat'. This might underestimate the degree to which they qualified the early versions of their views.

Wilson describes the double impasse in the study of interest groups. On the one hand radical critics of pluralism argued that there could be a structural factor that meant that those associated with the dominant ideology could determine policy outputs without specific, observable activity. The second objection to the pluralist approach was that empirical studies of interest group activities found groups of only marginal relevance. Wilson effectively counters both elements. He argues that the idea that there was a structural bias in favour of business is eroded by the unwelcome regulations forced on business in the 1970s. He argues that the lack of overt influence found in empirical studies of interest groups might have reflected the unusual extent of insulation in Washington and Whitehall in the 1950s – that politicians have to be more attentive in the 1980s.

He suggests that the fixation of the literature with the power of interest groups stifled progress; that if any other facet of political science dwelt on power then similar stagnation would have resulted. He asks if voting studies would have prospered if the debate had focused on the power of the individual voter?

The strongest part of the book are the accounts of interest groups in the USA and the UK. These chapters can be read as solid introductions to their respective systems. He introduces the important critique by Olson in *The Logic of Collective Action*, but the discussion is rather brief considering Wilson concedes the importance of the argument. Though in the Preface he acknowledges the scale of the rational choice challenge, his rebuttal is less systematic than we might expect or he implies that he thinks he is making.

Similarly his discussion of 'Bringing the State Back In' is underdeveloped. One would not suspect from the brief excursion into Nordlinger and Skocpol that this has been a major vein in the literature.

In other words the theoretical aspect of the book is less satisfactory than the description of systems. We are told that Philippe Schmitter is an important source and that there has been a transformation of the neo-corporatist debate into meso-corporatism. Wilson then comments that a focus on the meso-level might legitimately be seen as trivializing the original concept. This is all too cryptic for the student who might find the empirical sections useful.

This joins the plurality of useful books on the subject, but it enjoys no hegemony. Like good public policy, knowledge still comes from competition?

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THE THATCHER EFFECT

Dennis Kavanagh and Anthony Seldon (eds.)
Clarendon Press, 1989. 355pp. £7.95 (paper)

The editors have put together 25 essays from a variety of contributors on the main changes during the decade 1979–89 in a number of policy areas and political and governmental institutions. They seek to assess the nature of the changes and whether they would have happened without Mrs Thatcher. A skimpy preface admits the conclusions are 'strikingly different' for the different authors, some of whom are government supporters, some critics and some neutral. Some see major changes, others hardly any. Some claim the changes would have occurred anyway, whatever the government, and had indeed been started by Labour, and are evident in other countries too; others argue the changes would not have

occurred without the driving initiative of Mrs. Thatcher. Some believe the changes will evaporate with her departure from office, others that the changes are here to stay. The editors say her government's impact has been 'tangential, major, insignificant, or catalytic, depending on the subject under review, and indeed the predilections of the author'.

The editors hope they have produced a 'reasonably balanced portrait of Britain in the 1980s'. But 'balance' is not achieved simply by juxtaposing conflicting assessments. What is needed is an overall view to make coherent the apparent confusion. The editors should have contributed a concluding assessment, explaining the meaning of Thatcherism and its impact, or lack of impact, on the different policy areas. There is enough material in the excellent surveys they commissioned for them to have made such a sensible general judgement. The coherence of the book would also have been more obvious had they begun with David Martin's chapter on the churches, instead of relegating it to the end, and followed it with Vernon Bogdanor's on the Constitution.

The story is clear. Thatcherism was aggressive evangelicalism, opposed to Anglican and Anglo-Catholic paternalism and the Liberal-Protestant social gospel. It was populist, championing consumers against producers and collectivists with their instincts for monopoly. It believed in competition, reducing public expenditure and taxation, preferring markets and contracts to planning. People should not be patronized into dependency but stand on their own feet and make their own choices. It was a crusading mission, battling against vested interests which shaped public policy for so long. Thus the first task was to reduce the power of these vested interests by reasserting the power of central government. The central state had to regain its supremacy over other power centres, both public and private. Thatcherism was certainly Toryism, and not Liberalism with its 'wet' hostility to state power.

But one cannot expect consistency in government. The goal cannot be attained quickly: one cannot do everything at once. Nor could Mrs. Thatcher simply impose her will. She had to work through ministers, and this book shows clearly how much public policy depended on who was the minister responsible. The Cabinet too had to be won over, and the parliamentary party and the Conservative Party generally. Some vested interests retained their hold because they were influential within the Conservative Party and were highly regarded by the public. In any case the voters set limits on government action and protected some sacred cows.

As her government won further elections it gained in confidence, speeding up the implementation of its gut feelings, but it also slowed down when public support dwindled. Although the public might not back all aspects of Thatcherism, since cultural values and attitudes have an enduring quality, her government was able to win general elections because of disarray amongst its opponents, shrewd timing and luck.

Thus apparent inconsistencies in her government's performance can be made coherent. Mrs. Thatcher was a Prime Minister of clear and determined instincts, engaged in a task of social engineering, but she was also a party leader who had to work with her Cabinet and party, and win elections. From time to time vested interests protected their privileges. These political constraints blunted the sharpness of the force of Thatcherism, but they do not mean Thatcherism was simply rhetoric or did not throb through government as its motivating impulse. The Thatcher effect has been great. Why have the editors shied away from saying what so clearly emerges from their book?

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LOCAL GOVERNMENT AND THATCHERISM

Hugh Butcher, Ian Law, Robert Leach and Maurice Mullard

Routledge, 1990. 171pp. £9.99 (paper)

We have here yet another attempt to describe and assess the impact of the three Thatcher-led Conservative governments on elected local authorities. This one takes the story up to roughly 1988. Despite an attempt in one of the chapters to talk about 'the United Kingdom', the analysis is almost wholly concerned with English local government.

Books on this subject can be judged in terms of three questions. First, what aspects of this complex story do the authors choose to examine? Secondly, what particular interpretative line, or lines, do they push? Thirdly, to what extent does the analysis seek to confront the many complex conceptual and methodological problems encountered in this arena? Let me deal with each of these questions in turn.

Topics covered include an historical survey of central-local relations; the connections between old style 'Municipal Toryism' and new style 'Thatcherism'; local government finance; developments in some key services, such as education, housing and personal social services; local authority interventions in community economic development; race politics and local government; emerging, and varying, right and left wing strategies for decentralization; and, finally, some conclusions about the 1980s and predictions about the 1990s. Within less than 200 pages this must be counted as a pretty good effort. We are not told who was responsible for specific chapters, so it is difficult to distribute praise and blame. All the chapters, however, are reasonably competent and those on municipal Toryism, local government finance, and decentralization are also very interesting. The chapter on 'Race and Thatcherism' is incredibly irritating, simply because the writer adopts a too easy and too strident anti-racism stance. Poor old Ray Honeyford is once again accused of producing racist literature. More generally, little account is taken of the complexities of this particular topic. Nevertheless, the authors get a few points for including the chapter which, at root, is a useful survey, even if it does read like a handout from the Commission for Racial Equality.

The general interpretative line pursued in the book comes out of the stable known as 'left inclined social science'. So, the message is that 'Thatcherism' has had an adverse impact on local government service provision and local democracy. But the intensity with which this argument is presented varies between chapters. The conclusions, for example, represent an intelligent attempt to come to grips with the problems of assessing the very complex process of development which started in 1979. Overall, this particular exercise represents an advance on the crude interpretations of 'Thatcherism' and local government produced by Millite liberals and unthinking instrumental Marxists in the early 1980s. At least it recognizes that local democracy in England before 1979 was in a pretty sorry state.

As regards methodology, any serious study of the Conservative governments' approach to local authorities after 1979 must consider the following points: (a) the history of central-local relations in England; (b) the key analytical concepts involved; (c) the initial stance of the Conservative government on this subject in 1979/80; (d) the problems of governing encountered by Conservative leaders after 1980; and (e) the extent to which a consistent and coherent local government doctrine can be found in Thatcherism over the decade. The authors of this book can legitimately claim to have tackled points (a), (b), and (e) above. Moreover, their concern to examine developments in terms of the inter-relationship of four different types of politics – ideas, class, policy and statecraft – is to be commended. But points (c) and (d) are neglected and these omissions highlight one of the significant weaknesses of the exercise. It is rightly stressed that local authorities differ in their operations and output. But the same line of analysis is not applied to that awkward, incoherent, confederation of departments and personalities, called the British central government. In other words, what is missing here is a view from the centre: some attempt to understand (if not justify) the many problems of governing posed by the English territorial estate

in the 1980s, and which cannot be divorced, as they are here, from the many problems afflicting the polity as a whole in this period.

Nevertheless, the overall assessment of this book must be positive. It's not only a useful student text, it tries to tackle a difficult subject intelligently. As long as it's not regarded as a bible, it should serve as an interesting seminar reader.

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PROFESSIONALISM IN LOCAL GOVERNMENT

Martin Laffin, Ken Young

Longman, 1990. 116pp. £19.95 (paper)

'Professionalism in the 1990s is on the defensive' claim the authors; they ask, 'whither professionalism?'. To answer the question they have recorded the views of officers and politicians from interviews between 1976 and 1987. The book is well spiced with lively quotations.

In that period local government has itself changed, and the book usefully summarizes not only the growth of professional occupations within local government, but also as a backcloth the changes which have occurred to the status of local government.

The book unravels what is meant by 'professionalism'. The long growth of services in the welfare state powerfully reinforced the place of officers in the system. The claims of professionalism in that period were, first, to competence, and secondly, to commitment. There was perhaps an alliance with civil servants in the development of key national services which over-reached the risks of petty localisms.

With the end of growth, and of consensus, with the national economic decline, ideologues of left and right have rejected those professional claims. A reader, not knowing much of local government, might be shocked at the ferocity of some of the attacks on officers recorded here, summed up by one, 'the new politician feels the system has failed and the officer cadre is part of the failure.'

The new politicians see the officers as a vested interest. Politicians have refused to accept traditional roles; they have introduced new types of politically committed officer to drive forward particular policies, notably the equality issues. They wish to by-pass the professional communities, intervene in implementation, control agendas and reports. There is, say the authors, evidence of a loss of mutuality, and 'a reduced willingness to take professional credentialism as the unmistakable hallmark of competence'.

The authors offer, however, some encouragement: they record the ways in which officers have responded to this pressure and have begun to develop a new professionalism; the new role is that of 'engaged professional advocate'. The ex-civil servant chief executives used to a politically, rather than professionally driven machine, point to a Whitehall model, and the authors suggest that further debate is required on the future of professional commitment and to the wider accountabilities of professionals beyond those of satisfying politically determined tasks.

One is tempted to ask, however, whether local government's record taken over a decent perspective is as bad as is suggested by those quoted, and whether the new politicians in rejecting that record have in fact intervened to good effect. Only time and further research of this quality will judge.

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THE RURAL STATE? LIMITS TO PLANNING IN RURAL SOCIETY

Paul Cloke and Jo Little

Clarendon Press, 1990. 287pp. £30.00

Detailed studies of local governance in rural areas remain thin on the ground. Compared with the voluminous literature on, say, urban politics and urban planning, the factors shaping the practice of local administration in rural Britain have been under-studied and, therefore, rather taken for granted. Paul Cloke and Jo Little set out to remedy this failing, not by offering any comprehensive account of the linkages between rural community power and rural planning processes, but, quite rightly, via a case study of one particular area, namely Gloucestershire.

This study has, however, been fattened up for publication by the addition of a lengthy theoretical discourse (nearly half of the book) which advocates a 'political economy' perspective on the study of rural politics, and by four comparative 'cameos' which describe rural planning in New Zealand, Canada, the Netherlands and Hungary. The result is a rather bloated product which will, I suspect, satisfy none of its intended audiences in the academic research community, among policy makers, or residents of Gloucestershire itself.

This is a pity, for at the heart of this book is a well-organized and insightful study of the links between policy, implementation and outcome in rural change, including an assessment of the limits and implications of both central government intervention and citizen participation. My advice to hard-pressed readers is to pay close attention to chapter four (which reports on the study of planning in Gloucestershire) and flip through the remainder.

Cloke and Little go to considerable trouble to describe the subtleties of the structure planning process in Gloucestershire and demonstrate the factors which lie behind some of its distinctive characteristics – for example, the original intention to introduce a policy of rural settlement dispersal. This is analysed in terms of a complex interplay of forces between council officials and members, and a common determination to pursue consensus-building. Alas, the heavy hand of the DOE attempted to ensure that the best lacked all conviction when it came to implementation, but the authors give some cause for hope in the way in which the district councils applied the revised structure plan framework in practice. The analysis is far more complex than this brief résumé implies, but the proliferation of vertical and horizontal linkages is handled with skill and cogency.

Thus one finds oneself carried along in an intrinsically interesting discussion on rural planning only to encounter apropos of nothing in particular a sentence which begins, 'To return to the theoretical basis of the research ...'. At this point the heart sinks. Not, I hasten to add, because one is advocating crass empiricism, but because few of the insights stem from the theoretical framework *per se*. The first half of the book has been taken up with advocating the importance of theory in general and 'political economy' in particular. This is then bolted on to the case study, although it is quite possible to read one without the other. Even allowing for some of the backwoods characteristics of conventional rural geography, is it really so necessary to convince the reader of the necessity of theory? Some of the debates, especially on the nature of the state, have also outlived their shelf life.

The comparative cameos are also scarcely adequate. The authors seem to recognize this and introduce them in a rather defensive manner. A properly comparative study would clearly be of value: it is easy to demonstrate that, over there, They Do Things Better – or, at least, differently. But this is a half-hearted attempt to tease out a few key issues on which to base a rather spurious comparative theory of the rural state, or some such.

Much of the book turns out to be redundant – a kind of heroic failure in its way. Driven by an honourable aspiration to inject some theoretically based analysis into what could easily have become a tedious, descriptive study, Cloke and Little have over-reacted. It is more than thirty years since Hunter and Dahl showed what could be achieved by even the most parochial study of community power. Convoluted theoretical apparatus will eventually be judged by its ability to explain and offer understanding. Cloke and Little

conclude by admitting that the question they began with is 'unanswerable' (p. 251). So why ask it? And what is the use of theory if it can only generate such unanswerable questions?

Howard Newby
Economic and Social Research Council

THE RESPONSIBLE PUBLIC SERVANT

Kenneth Kernaghan and John W. Langford

The Institute of Public Administration of Canada and the Institute for Research on Public Policy, 1990. 220pp. Price not known

Kenneth Kernaghan has no equivalent in the United Kingdom. He has been writing about public service ethics in Canada for 25 years, and has worked very closely with the Institute of Public Administration of Canada in developing a code of conduct for Canadian public servants. In 1974 the institute commissioned him to write *Ethical Conduct: Guidelines for Government Employees*, and in 1986 after extensive consultation the Institute adopted a code of conduct ('The Statement of Principles Regarding the Conduct of Public Servants') of which Kernaghan was the principal draftsman. This latest book devotes a chapter or substantial part of a chapter to each of the major sections of the code, which is included in an appendix, and serves both as commentary and training manual. The book is also accompanied by a series of 8 one-hour videos prepared by the co-author which include role plays of the case studies developed on the MPA ethics course at the University of Victoria.

Neither the code nor the book pretends that it has all the answers to the difficult conflicts of values and loyalties which occasionally beset any thinking civil servant. Instead the book offers an ethical tool kit on how to analyse and weigh up the balance between public and private interest, political neutrality and civil rights, confidentiality and disclosure, accountability to one's superiors and accountability to the public. The case studies would be more interesting if they were based on real examples, of which there is no shortage in Canada; and there is no shortage in the United Kingdom either.

Crichel Down; Vehicle and General; Poulson; Ponting; planted parliamentary questions; sanctions-busting in Rhodesia; Westland; West Wiltshire... Each reader could compile his own list of scandals in the United Kingdom which illustrate the need in this country too for stronger guidance on ethical behaviour. But there continues to be a strong belief that a written code is unnecessary. Ten years ago the RIPA brought together an informal group of civil servants to consider the need for a code of conduct in the UK, but it spluttered out after only a few meetings. That left the field open to the government to impose its own version of a code in the Armstrong memorandum.

The Armstrong memorandum cannot be allowed to rest as the last word on the subject. Kernaghan argues persuasively that codes imposed from above are destined to fail; and the Armstrong doctrine leaves too much unsaid. As the boundaries between the public and private sectors become increasingly blurred, conflicts of interest and ethical dilemmas are likely to grow in all areas of public administration (a point made by Christopher Hood in his inaugural lecture at the LSE earlier this year). The FDA (First Division Association) have produced an alternative version of a code with a right of appeal to an independent body; but there is a real need for a neutral body like the RIPA to bring together a group of academics and practitioners to produce a code of conduct for both central and local government. If such a group were

formed, the code produced by the RIPA's fellow institute in Canada would be a good starting point; and this short and clearly written book would be a very useful guide.

Robert Hazell
Nuffield Foundation

MALCOLM FRASER PM: A STUDY IN PRIME MINISTERIAL POWER IN AUSTRALIA

Patrick Weller

Penguin (Australia), 1990. 440pp. \$26.90

Pat Weller's study of Malcolm Fraser's premiership made me weep – with envy. The man himself was granted generous access. The files of the Prime Minister's Office in Canberra were thrown open to him. So unlike dear old England which Professor Weller left in 1966 to pursue a fruitful career of scholarship in Australia.

He has made good use of the cornucopia of information placed at his disposal. As you would expect, *Malcolm Fraser PM* is packed with insider dope – a carefully considered appraisal of the big Liberal premier who presided over the Commonwealth of Australia from 1975 to 1983. He arrived and he departed in controversy, winning three elections on the way, two of them handsomely.

It's intriguing for the British observer to see how a premier in another Westminster-style democracy handled the political and economic fall-out from the oil shocks of the 1970s. Conservative politician he may have been, but he believed problems were there to be solved and never shrank from state intervention if, after thought and discussion, he perceived it to be part of the way forward.

Thought and discussion – not the kind of things we associate with British Conservative government in the early 1980s. Fraser believed in both to the last fibre of his being. He could almost be criticized for spending too much time examining the issues in Cabinet or cabinet committee.

Professor Weller is a connoisseur of cabinet government world-wide. His book is subtitled 'A Study of Prime Ministerial Power in Australia'. But it deserves to travel much more widely, for it is topped and tailed with superb sections on the nature of modern cabinet government.

Fraser showed, as Attlee did in Britain thirty years earlier, that you can be a practitioner of traditional cabinet government – allowing a good deal of shared, collective discussion before decisions are reached – without being in any way weak or indecisive. Attlee, a diminutive figure with a biting tongue, was respected by his colleagues; Fraser, a towering eminence, was often feared by his.

Both were on top of the paperwork, both formidably well-briefed. Both showed that a prime minister does not have to choose between being a chairman or a managing director. A PM can be both.

Professor Weller's study of Malcolm Fraser deserves a central place in the growing literature on cabinet government, as it deals sensibly, authoritatively and convincingly with the venerable but still live debate which occurs in virtually every Politics paper at sixth form or university level.

How about this for what examiners like to call a 'stimulus quote'?

The main reason why the debate has been so inconclusive is that prime ministerial and cabinet government are presented as alternative models of behaviour. Analysts have not defined when the one shifts to the other: when is cabinet government no longer 'real' or how often must a prime minister lose before the government is no longer prime ministerial? Nor could they.

The problem is that one model posits individual decision making and the other collective action. The distinctions in reality are never so clear-cut. It may, for instance, be possible for every decision to be taken by Cabinet and yet for the prime minister still to dominate. The two models are points on a spectrum defining the exercise of power, not distinct alternatives.

The power of prime ministers can only be properly understood if the two perspectives are combined, to understand prime ministers in their environment. How influential they are will depend on personal, institutional and intellectual factors. For particular leaders the question is how they use the potential of their office.

Quite so – and it has never been better put.

Peter Hennessy
Visiting Fellow, RIPA

THE CIVIL SERVICE OBSERVED

C. H. Murray

Institute of Public Administration, Dublin, 1990. 164pp. £8.95

This book consists of 11 essays, mostly reflections on the civil service in the Republic of Ireland, written by a former senior civil servant. Almost all of the papers have appeared before, the earliest in 1982, in journals such as *Administration* and *Seirbhís Phoiblí*. There are a number of themes, though perhaps preoccupations is a better word, running throughout the book; namely the relationship between civil servants and politicians and the ongoing debate about the structure of government and the civil service in the Republic of Ireland. The Devlin report, as the Public Service Review Group report published in 1969 is widely known, continues to influence public debate on these matters. The substantial reaction to Devlin has, as Joseph Lee (*Ireland 1912–1985: Politics and Society*, CUP 1989) points out, itself become a source of study, confirming some of Devlin's strictures about the conservative nature of the civil service. Devlin has of course been updated partly by the 1985 White Paper, *Managing the Country Better*, and more significantly by the current government's political imperatives. Reform of the public service, as Murray himself is only too aware, requires the political will.

A number of the chapters deal, as one would expect, with these issues. There is, for example, a chapter on the 1985 White Paper. Several consider, in various ways, issues such as the relationship between ministers and civil servants. Some interesting points are made about the impact of PR on ministers and the implications of this for their relationship with civil servants. In addition a robust, but not uncritical, defence of the civil service and the public sector is mounted. Murray, for example, criticizes Niskanen's critique of the public sector. All of this is written in a pleasant style, drawing on an extensive literature, British and Irish, as well as valuable insights drawn from practical experience. Furthermore Murray ranges widely, bringing to bear the experience of a number of other countries. And it is written by someone who clearly feels strongly about his subject matter. Indeed public administration in Ireland owes Charles Murray a considerable debt for his role in creating the Institute of Public Administration in Dublin.

Books that draw together a series of previously published papers are open to the accusation that they tell us nothing new. However, for a British audience, this is probably not true in this case. While the papers from *Administration*, the journal of the IPA, are probably readily available (I hope), some of the others would be more difficult for a British audience to find. Having said that, I put this book down with some feelings of frustration. For one thing, books of this type, probably inevitably, lack a logical structure. Points made in one essay appear again and again. A coherent argument is difficult to build up. For example, I would have liked to hear more about the civil service in particular, and

the public service in general, in a clientistic political culture. Points about this are made in a number of places and one wants to hear more. Second, some of the papers tackle large themes in too short a space. For example, the chapter comparing the civil service in the Republic with that of other countries simply tries to say too much. Third, there is a curiously old-fashioned feel about the book, in that recent issues of public management get little mention. VFM and the three 'Es' do not appear to excite much interest in the public service in the Republic of Ireland, if this book is any guide.

All these reservations, however, reflect the nature of the book as a collection of papers. And perhaps it is unfair to judge books by what they are not. Moreover, to have the reflections of such a perceptive and well-read senior civil servant at all is, for students of public administration, a delight. As Murray himself states, such insights are all too rare, particularly, though not exclusively, in the Republic. I would certainly recommend this book.

Michael Connolly
University of Ulster at Jordanstown

NEW DEVELOPMENTS IN POLITICAL SCIENCE. AN INTERNATIONAL REVIEW OF ACHIEVEMENT AND PROSPECTS

Adrian Leftwich (ed.)

Edward Elgar, 1990. 214pp. £35.00

Although this book is mainly a retrospect on the developments in political science since the 1960s – the editor accurately if diffidently describes it as 'some kind of stock-taking' (p. 1) – it is none the less welcome for that. Rather than an exercise in self-congratulation or self-denigration, it is an honest attempt to consider, in such detail as 12 chapters of a short book allow, the strengths and weaknesses of political science's constituent sub-disciplines, with occasional straying into by-ways. Some authors tend to restate and update their own work (David Held on democracy, Bob Jessop on a post-Poulantzas view of state-society relations, Alex Callinicos on Marxism), while others provide a more detached and general review (Christopher Hood on public administration, Adrian Leftwich on development studies, Diana Coole on feminism, Steve Smith on international relations, Pippa Norris on voting behaviour and Albert Weale on rational choice). My preference is for the latter approach. It is the one that will commend itself to the reader who is unfamiliar with a particular sub-discipline and seeks to discover what has been happening there that is worthy of note.

I must confess to not having been happy with the chapter on comparative politics by Jan-Erik Lane and Svante Ersson. It concentrates upon the performance indicators approach to measuring democracy. This approach is over-ambitious in the range of countries dealt with and does not overcome the inherent problems of relying upon such indicators. I cannot resist sharing with the reader of *Public Administration* a gem from this chapter: 'a democratic regime is a function of time, the longer the time period since the genesis of democracy the more persistent being the democratic polity' (p. 72). Not the sort of finding that will win political science many admirers, I would have thought!

Jack Hayward
University of Hull

PROTECTING PRIVACY IN SURVEILLANCE SOCIETIES; THE FEDERAL REPUBLIC OF GERMANY, SWEDEN, FRANCE, CANADA, AND THE UNITED STATES

David H. Flaherty

University of North Carolina Press, 1989. 484pp. Price not known.

David Flaherty is a Canadian professor of history and law, and is well known in international data protection circles. The first generation of books about what is now called data protection was in the 1960s, and they were usually written in terms of the dangers presented by computers to personal privacy. The second generation, to which this belongs, examines the legal and administrative measures taken to deal with the perceived problem. Professor Flaherty has interviewed extensively in the five countries considered, and his comparative analysis of their laws is expanded by material on methods of administering them.

Administering data protection is different in one important respect from many other kinds of public administration: the 'data users' who most need regulation are those in the public sector, and they also present the most sensitive and difficult questions of balancing, for example, national security and law enforcement against personal privacy. The search for an independent person or agency capable of keeping government surveillance agencies under surveillance themselves, and of enforcing standards of handling personal information, is common to all the countries considered.

The book deals only with data protection in the public sector, which is dictated to some extent by the countries studied. Sweden and France have comprehensive data protection statutes regulating both the public and private sectors; the United States and Canada have comprehensive statutes only for the public sector at the national level; the German system is rather complicated, and somewhere in between, with some data protection regulation of the private sector by *länder* government departments rather than data protection authorities. A comparative study necessarily requires concentration on the institutions that attempt the same function. The structure of each country report is the same: the national model, goals, powers of the data protection authorities, implementation, regulation of surveillance systems, and responses to problems (usually in revision of legislation). The concluding chapter, 'Controlling Surveillance', illustrates the book's concentration on the most difficult institutional problem of data protection: establishing a government agency to regulate other government agencies.

The concentration on the public sector is a welcome change from much data protection literature (and legislation) which concentrates on government regulation of private sector users of personal data. Frequently the legislation, particularly the UK's Data Protection Act 1984, bites hardest on those activities in the private and public sectors that present the least danger to personal privacy, and has few or no teeth at all to deal with invasions of privacy by government law enforcement and security agencies.

However independent a data protection authority can be under a national constitution, there is always a degree of financial dependence on government. The countries studied did not present any clear illustrations of government use of financial power to influence data protection agencies, but the possibility remains. Although much of the activity of data protection agencies is advisory rather than regulatory, encouraging codes of practice and negotiating resolutions of disputes, Professor Flaherty concludes that powers to regulate are a necessary back-up to conciliation. He is not, however, in favour of large-scale licensing or registration of data users, and argues persuasively that Sweden and Norway, who were early to legislate, have revised their laws to reduce the volume of licensing.

He much prefers active audits of information processing to concentration on licensing. Neglect of such audits

. means that offenders against fair information practices do not have the sense that someone is looking over their shoulders; given the minuscule size of data protection offices relative to the organizations they monitor, it is necessary to create an atmosphere of prior restraint for prospective privacy offenders. They have to worry about a lawsuit or a criminal prosecution.

He is also in favour of 'subject access' rights of individuals to their own records, but sees such rights as mechanisms for fair information practices rather than the ultimate object of data protection. The dichotomy between omnibus and sectoral approaches to data protection is dismissed as false: countries with omnibus statutes inevitably turn to sectoral legislation to apply general principles to particular problems; the United States and Canada should learn from Sweden, France, and Britain about general data protection legislation with some private sector jurisdiction.

Professor Flaherty has comprehensively and critically described how five countries are adjusting the balance of power between individuals and government over personal information. Perhaps the next edition will include his research on the United Kingdom and other countries that are joining the club of data protection nations; until then British data protectors and administrators can learn much from his lessons elsewhere.

James Michael
University College, London

INVESTING IN THE FUTURE

John Irvine, Ben R. Martin and Phoebe A. Isard
Gower Publishing Company Limited, 1990. 276pp. £35.00

In much recent comment on British 'science' there is often a qualitative description of academic 'science' combined with a quantitative discussion of the much larger, and very different national R&D effort. The book under review is the first comprehensive statistical study of government-funded academic research in the UK, France, FRG, Netherlands, Japan and the USA over the period 1974-87, and is thus to be very warmly welcomed. In much comparative work the emphasis is on differences between countries, but this should not obscure some fundamental similarities between countries. Per capita expenditure in 1987 ranged from 30.6 to 66.0 US \$ (PPP rates) and from 0.232 per cent to 0.532 per cent GDP; taking out Japan narrows the range from 49.1 to 66 US \$ and 0.336 to 0.532 per cent GDP. There is a very heavy bias in all countries towards the natural sciences, ranging between 72.4 per cent and 87.5 per cent of government expenditure. In all countries most academic research is carried out in higher educational institutions. Expenditure has grown everywhere since 1975, though growth as a percentage of GDP has been much lower, perhaps close to zero.

In the case of the UK there was expenditure growth in real terms of 15 per cent between 1975 and 1987, with 12 per cent growth between 1982 and 1987. There was a fall in expenditure outside universities; and a shift towards research-council funded research within universities. As a percentage of GDP, UK expenditure fell from 0.439 per cent to 0.398 per cent. The UK is behind the European countries in terms of spending as a percentage of GDP, though ahead of US and Japan; in per capita terms it is above only Japan. The UK, FRG and France, in the terms of subjects covered, are very similar. In terms of where research is done UK and FRG are close in that three-quarters was in higher education, and a quarter of this is financed externally. The real difference is in the fact that the UK has a national system of funding - German funds are much more decentralized. By contrast the French do a lower proportion of research in education, and about half of this is externally funded. One should be wary, however, of arguments from comparisons to policy. After

all, one might just as well conclude, if one is interested in economic growth, that one should aim for the Japanese model. This would imply lower expenditure on academic research, with more of it coming through universities, and a higher proportion devoted to arts and humanities.

David Edgerton
University of Manchester

CREATING A RESPONSIVE PUBLIC SERVICE

Roger Hadley and Ken Young
Harvester Wheatsheaf, 1990. 241pp. £27.50

I must confess to finding self-improvement books difficult, if not impossible to read. When passing railway, or even more strikingly, airport bookstalls I never cease to be amazed at the human appetite for books which promise to show the route to excellence in marriage or health or, above all, in the pursuit of money. To these are added a growing genre of books which promise to show us the route to organizational excellence. This book is such a venture. But it has many saving graces. It is written with directness and candour. It recognizes the many problems about its mission. It is firmly rooted in the experience of one organization, with many specific features which are well explored. And, above all, it provides a robust defence of the public service and the need for commitment within that service, and sets out to show how the best features of service commitments can be maximized.

The book is based upon the experiences of the two authors, one who was the Director of Social Services in East Sussex, the other an academic closely involved as a consultant with that department. It describes the steps taken to transform the social services department into a structure in which strong central leadership was combined with wide delegation to staff in localized 'patch' teams. It explores the implications of this for staff creativity and for 'responsiveness' to public interests and needs.

Of course, any such book by two authors so involved in the processes they are describing must be received with some degree of scepticism. Young proposed many of the structural changes as Deputy Director, and was then appointed Director to carry them out. Hadley has a distinguished track record as an advocate of the 'patch' approach to social services organization. However, in this context insightful writing from a position of commitment offers the reader more than could some more detached account.

Another problem about the East Sussex experience is the extent to which what occurred was a Hawthorne effect, in which everyone was buoyed up for a time by a belief that they were doing something new, under the leadership of a dynamic director, which was showing the rest of the social services world the way forward. But in fact, this was not the ideal test-bed for innovation; East Sussex was a Conservative-led authority seeking economies against a background of the Thatcher-led central government. Ken Young had to meet the challenge of achieving innovation despite an economy-minded council, carrying with him a group of professionals who were deeply suspicious both of him and his political masters.

Hence, there is surely a great deal to learn from this experience, written up in such a way as to offer a range of suggestions and propositions for other innovators in other, possibly very different, public sector organizations.

Finally, for this reviewer the greatest virtue of this book is the way in which it offers a set of proposals for *public service*, in which the pursuit of efficiency and responsiveness are seen as compatible. At a time when we are being offered 'market' and 'quasi-market' models which combine a naive disregard of the power of oligopolistic and monopolistic

tendencies to undermine market-based efficiency with an alarming tendency to treat self-interest as the only motivating force for organizational behaviour, it is encouraging to find a practical book of this kind which 'assumes the importance of the continuing role of collective provision' (p. 8) and rests its version of 'excellence' so firmly upon the idea that a public-service culture can be sustained and stimulated. The danger is that the wider attack on the public sector is undermining such a culture and, as Pollitt has argued, the pursuit of a narrow and mindless managerialism is creating an atmosphere in which public servants will say 'why should we bother to try to pursue excellence' (C. Pollitt, *Managerialism and the Public Service*, Oxford, Blackwell, 1990). Of course, Hadley and Young are not alone in recognizing the importance of the public service ideals and of responsiveness to the public. There are similar emphases in the writings of John Stewart and Michael Clarke. What is important is that they locate their argument firmly in direct experience.

Michael Hill
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THE CHANGING STATE OF LOCAL GOVERNMENT: RESTRUCTURING FOR THE 1990s

ALLAN COCHRANE

In the recent past, local government has largely been analysed as if its very existence were in danger from centrally inspired legislative reforms and financial controls. Such a starting point may make it more difficult to assess the changes which are taking place and which are likely to dominate in the 1990s. Three other possibilities are considered here. The first, is the notion of an 'enabling' authority; the second, the possibility of a shift towards post-Fordist local government; and the third, the possibility of more corporatist or neo-corporatist forms of politics at local level. It is suggested that the third is the most helpful approach for understanding the likely direction of change in the 1990s, and argued that changes within local government have to be understood in the context of wider restructuring of the UK state.

1. INTRODUCTION

There is widespread agreement that the position of local government within the UK state system has changed significantly since the mid-1970s. Precisely what the nature of the change has been, however, and its likely future direction remain matters of serious contention. In the first years of the 1980s, matters seemed relatively straightforward. The overwhelming academic consensus was that local government and local democracy were under attack from the centre. It was identified as a period of centralization, and one in which the changing rules of finance were fundamentally, probably fatally, undermining the scope for local autonomy. This view was endorsed by a range of authors from a wide variety of theoretical positions, including the academic defenders of local government (such as Burgess and Travers 1980, Jones and Stewart 1983, and Newton and Karran 1985), as well as those who drew on the language of neo-marxism to speak of the local state rather than local government (such as Duncan and Goodwin 1987, Gurr and King 1987 and Saunders 1984).

By the second half of the decade, however, it appeared that many of the more direct financial assaults had not been very successful in their own terms – it was, for example, increasingly clear that neither levels of spending nor employment

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(particularly white-collar employment) had fallen significantly. Despite a decline in capital expenditure, current expenditure actually rose in real terms up to 1987/8 (Stoker 1988, p. 171) and numbers employed also rose, although there was a decline in the employment of manual workers and a growth in part-time working (Fleming 1989). More positively, there was continued evidence of new initiatives developing at local level (including the expansion of local economic development, the spread of decentralization and devolved management structures, a growing concern for equal opportunities, and more recently for 'green' issues). None of this suggested an area whose significance was withering, despite the defeat for the local authority Left in campaigns over ratecapping in 1985-6 and the abolition of the GLC and the metropolitan counties in 1986.

The programme of the third Thatcher government elected in 1987 was explicit about its ambition to reorganize and restructure Britain's local government system. No area of local government responsibility escaped scrutiny, with education and housing being the most obvious targets, the extension of compulsory competitive tendering and yet another set of proposals for the financing of local government. One might have expected this barrage of legislation to be met by commentaries which confirmed the death of local government and its replacement by market-based mechanisms. And certainly a few have drawn these conclusions, or suggested this as a likely future, viewed positively by some (for example, Adam Smith Institute 1989; Minford 1988, p. 12) and negatively by others (Leys 1989, p. 355, and, more cautiously, Travers 1989, pp. 19-20).

But this interpretation has also been substantially questioned, both because it suggests that the Thatcher governments had a more consistent programme for local government reform than seems justified (see, e.g. Bulpitt 1989 and Rhodes 1985) and because the 'markets' created are bureaucratically managed in one way or another rather than a reflection of consumer choice. Most privatization involves the contracting out of services rather than the direct provision of services for payment by 'customers', and monitoring is still based mainly on inspection and customer complaints (LACSAB 1990). Dunleavy convincingly outlines some of the ways in which bureaucrats may seek to insulate themselves from public scrutiny, and retain budgetary control, while giving up direct delivery systems to other agencies (Dunleavy 1985, 1986). The market model looks less like an assessment of what has happened and more like a picture of what some people would like to happen (or like to believe has happened), particularly those on the neo-liberal wing of the new right. It looks still less convincing now that the Major government has substantially retreated on the principles of the community charge.

So what happened in the 1980s? Things certainly changed, but how? Clearly market-based arguments have influenced the process of change, but their impact has been ambiguous. A second influential alternative interpretation has focused on the extent to which the legislative changes of the Thatcher governments may have acted as catalysts, raising the possibility of an 'enabling' state at local level.

REDEFINING THE ENABLING AUTHORITY

For some, the notion of an 'enabling' authority is little more than a euphemism

for the 'end of local government', in the sense that councils are simply left to 'enable' private sector agencies to deliver services. But it has also been interpreted more positively to suggest a renewed strategic role for local government. A pamphlet written by Nicholas Ridley is frequently used as a starting point for this argument, with emphasis being placed on his comment that: 'Authorities will need to operate in a more pluralist way than in the past, alongside a wide variety of public, private and voluntary agencies. It will be their task to stimulate and assist these other agencies to play their part instead of, or as well as, making provision themselves' (Ridley 1988, quoted by Brooke 1989b, p. 14, among others). Instead of focusing narrowly on the spread of market methods, it is argued that it is important to identify the new opportunities suggested by the idea of an 'enabling' authority.

Brooke develops this most fully (Brooke 1989a and 1989b). He confirms the separation of service functions from local government, but sees this as offering the prospect of a wider vision at local level, making it possible for councils to comment and intervene more widely on issues of relevance to their residents than has been the case in the past. His vision of the future is one which celebrates fragmentation and the growth of single-service agencies, but only on the basis that there remains a strong and coherent political/professional/managerial leadership, based around 'a central core of strategic planners and regulators... Such a core would of necessity embrace officers of different professional disciplines. A second cadre of managerially inclined or entrepreneurial officers will run services either as independent agencies, private sector companies, voluntary bodies or direct service organisations' (Brooke 1989a, p. 60).

This vision recalls the overall ambitions of the corporate planners of the 1960s and early 1970s, even if it is set within a rather harsher political environment and the controls envisaged come through the issuing of contracts and the allocation of budgets rather than the appointment of chief executives and the setting up of policy and resources committees. Brooke is quite explicit about this, arguing that the fragmentation of organizational responsibility in the 1980s and into the 1990s may paradoxically mean that there is increased pressure for multi-disciplinary work and extensive collaboration between agencies. But, he concludes, this also creates the need for conscious co-ordination and strategic thinking, which can best be handled by an 'enabling' authority (Brooke 1989b, pp. 8-9). For him it is the local authority which has the potential to bring 'order to chaos' (Brooke 1989b, ch. 3).

This is a reinterpretation of the programme of the Thatcher government through the eyes of (some) senior professionals within local government. Holliday takes a rather different view of the rise of the enabling authority, suggesting that it can also be understood as the product of locally based pressures, reflected in the rise of what he calls the 'new suburban right'. He argues that this group, members of which are now in control in a number of authorities (such as Kent, on which he focuses), are committed to an approach to local politics which stresses the importance of strategic decision-making and plays down the politics of service provision (Holliday 1990). Such local alliances between politicians and senior professionals - or perhaps new style corporate managers - is crucial to the development of the enabling authority in practice (see also Young and Hadley 1990, which

highlights the importance of the management style of the director of social services in transforming existing arrangements in the neighbouring – Conservative controlled – county of East Sussex). This analysis helps to explain why some councils have themselves with little direct pressure from above moved towards forms of 'internal market' with devolved management and the increased use of cost centres (see, for example Geeson and Haward 1990). It is also a useful reminder of the extent of variation between councils.

Stewart and some of his colleagues have used the arguments for an enabling authority to raise rather different questions about local government for the 1990s, in particular asking whether the reforms of the 1980s have encouraged or discouraged a public service orientation and increased involvement by active citizens at local level, which they define as central features of the 'enabling authority'. They emphasize the notion of community government, point to the potentially strategic role left to local government and stress that the powers of local government should be extended to meet new needs (for example, Clarke and Stewart 1988, Stewart 1989a and b, and Stewart and Stoker 1988).

Their approach questions definitions of local government as service provider which have tended to dominate since 1945. Such definitions imply both high levels of expenditure and uniform levels of service across the country which mean that there is always pressure for spending and policy direction to be controlled – or at least heavily influenced – from the centre. Instead a broader definition is suggested, which starts from the needs and problems of the communities concerned. Stewart suggests that an enabling authority needs to have access to many different forms of intervention – direct provision would not be ruled out, but nor would it have a privileged position. He goes on to argue for a responsible and an accountable authority in ways which support increased decentralization, as well as councils covering significantly smaller areas and representing much smaller populations – which, incidentally, sits rather uneasily alongside the strategic élites identified by Brooke in his discussion of the enabling authority (Stewart 1989a).

Stewart's argument is a powerful critique of the policies of the Thatcher government, which he takes to task for limiting the scope for community government and reducing opportunities for public accountability. His alternative vision is a very powerful one. It is a remarkable statement of what might be possible in different circumstances with the help of a sympathetic central government (see, Stewart and Stoker 1988, in particular). But as a picture of what has taken place, and what is likely to take place in future, it remains unconvincing (despite being taken up by the Local Government Training Board. See, for example LGTB 1987). It is often difficult to distinguish between hopes, visions and the analysis of change. Certainly local government is being fragmented (or devolved) with the clear identification of direct service organizations, cost centres and the use of agencies outside local government for service delivery. It is less clear that either form of enabling authority is really on the horizon. The future looks rather more uncertain.

The argument (of both Brooke and Stewart) is that elected local governments are the most likely and most appropriate bodies to undertake the role of making order out of chaos, of taking on the co-ordinating and strategic role. In some policy

areas, it's not clear that there is a very strong demand for strategic direction, once rules have been laid down from above (e.g. in the national curriculum). Elsewhere, strategic competitors are already jostling for attention – from various joint committees, to training and enterprise councils, business leadership teams and (looming on the horizon) regional levels of government. The Confederation of British Industry has already made clear its belief that 'TECs will need to have an overview of all local programmes that relate to vocational education and training' (CBI 1989, para. 140).

It is tempting, perhaps unfairly, to look back at some of the managerial and academic enthusiasm which greeted the first wave of corporate planning in the late 1960s and early 1970s, as attempts were made to transfer ideas from the private sector directly into the local government system, and to remember how modest the changes actually turned out to be. Much of the writing on the enabling authority is still about what might be, rather than what is, and even discussions of particular cases read rather too much like the similar reports of success which were heard with such regularity from other, and sometimes the same, places in the early 1970s (expressed, for example, in the papers collected by Greenwood and Stewart 1974).

MODELS OF POST-FORDIST LOCAL GOVERNMENT

One of the weaknesses of the approach discussed above is that it discusses changes within local government as if senior managers (and politicians) were simply choosing between a range of options. Yet, it is increasingly clear that approaching the analysis of change within the local government system as if it were independent of wider social and economic shifts is fundamentally misleading. At the very least, changing economic and social structures may restrict or open up opportunities. And they may also be laying the foundations for more extensive adjustments.

We began by noting the widespread acknowledgement that the position of local government within the UK state system had changed in the 1980s. And commented that the nature and direction of change was less clear. Similar points could be made about attempts to analyse wider changes in economy, society and politics over the same period. One set of arguments has clustered around moves towards fragmentation and flexibility in the labour process, away from models based on the mass production and consumption of relatively standardized products and away from Keynesian welfare states. Some of these arguments have been set within theoretical frameworks which suggest a move from modernism to post-modernism (see, for example, Lash and Urry 1987), whilst others have stressed the growing importance of 'flexible specialization' yet explicitly rejected the use of wider systemic labels (see, for example, Hirst 1989a). This section of the paper, however, will focus directly on approaches which use the terms Fordism and post-Fordism (or neo-Fordism) as the axes around which to construct their arguments, principally because this seems to be the most developed of the positions with respect to UK local government.¹

Hoggett and Stoker, in particular, have used these theories to analyse the changing structures of local government. Hoggett was one of the first to pull the discussion of local government into debates about state restructuring and the

crisis of Fordism.² His work has been taken up and used by others in developing their arguments about notions of local government in the post-Fordist era (for example, it is acknowledged as a crucial base by Geddes 1988 and, rather more cautiously, by Stoker 1989). Hoggett's initial contribution is significant, therefore, not only in its own right, but as a marker on which others have been able to build.

His arguments draw largely on what Elam (1990) describes as a neo-Schumpeterian approach, explaining the history of capitalism as a series of technological revolutions, following a pattern of long waves of economic development. According to this model, Fordism was largely characterized by assembly line mass production, whilst post-Fordism heralds the rise of flexible manufacturing and networking between agencies, with the help of information technology, which in turn is said to encourage (possibly require) the spread of more decentralized production methods, and more participative working practices (Hoggett 1987, p. 221).

Hoggett's argument proceeds by a process of analogy from a broad statement of what he argues has happened in the production sphere to what is happening in the welfare state and the local state within that. The analogy is based on the notion that 'professionals' operate as 'people processors' in the 'assembly line' through which the Keynesian welfare state produces and delivers its services. Hoggett argues that, like production in the private sector, production in the Keynesian welfare state has been inflexibly geared towards the output of a few standardized products with economies of scale constantly emphasized. He suggests that the system resembled Fordism without Ford – 'a kind of mongrel paradigm based on an uneasy marriage between a pre-Fordist craft (professional) productive system and a Taylorised (rational-bureaucratic) system' (Hoggett 1987, p. 223).

The local state, able to resist the logic of the previous technological revolution, is, according to this argument, ripe for the shifts promised by the present one. Hoggett predicts the development of

new organisational and managerial forms strikingly reminiscent of the newer 'hi-tech' companies of the M4 corridor: leaner and flatter managerial structures, decentralised 'cost and innovation centres' (i.e. district or neighbourhood offices with their own devolved budgets, powers over recruitment, performance indicators etc.), enlarged and more generic roles, team working, flexibility and informality, responsive back line support to the front line staff and so on (Hoggett 1987, p. 225).

There are a number of problems with this version of the post-Fordist model, particularly as it applies to local government and the local state. One is simply the implied determinism: it appears that these changes are bound to take place, although some choice is available about the ways in which they are taken up. As Elam notes, within this approach, 'the history of capitalism remains one where 'new' techno-economic forces always do the initial acting and 'old' socio-institutional frameworks the eventual reacting' (Elam 1990, p. 12). In his more recent writing, Hoggett has substantially shifted the emphasis of his argument, stressing that 'the modernisation processes at work today have no inexorable logic to them, that they are similarly compatible with a range of social choices' (Hoggett 1990, p. 2). He

outlines a series of qualifications before going on to identify post-Fordism as 'the "deep structure" of the coming period' (Hoggett 1990, p. 5) or the 'new logic of capitalist development' (Hoggett 1990, p. 15) which determines the range of available choices. But, however qualified the argument, political processes tend to be relegated to secondary status. This makes it difficult to explain why particular technological opportunities are taken up at one time rather than another, and also understates the extent to which the direction of change remains contested.

The second major weakness of Hoggett's argument is the way in which it draws an analogy between the spheres of production and the local welfare state. Superficially this may be quite attractive, but it does not hold up very well under sustained scrutiny. Hoggett's acknowledgement of a 'mongrel paradigm' itself undermines it. A key point about 'street level bureaucrats' – to borrow Lipsky's eloquent phrase – such as teachers and social workers is precisely that they are expected to make decisions based on individual discretion where bureaucratic rules do not apply very well. They are trapped between their 'clients' and their 'employers', with only their 'professionalism' to pull them through. The detailed differences and discretion make it difficult to process people *en masse*, according to rational-bureaucratic rules. Instead of pointing up a similarity, paradoxically the arguments are most successful in indicating a sharp set of differences.

POST-FORDISM WITH A HUMAN FACE

These criticisms of Hoggett's approach cannot be applied to all those using the terms Fordism and post-Fordism. There are many Fordisms and, consequently, also many post-Fordisms. Stoker sets out to explore recent changes in UK local government within the broad framework of the 'regulation theories' associated with Lipietz and Aglietta among others. The underlying concern of the regulationists is to explain the survival of capitalism despite the crises to which it is inherently prone: 'They found an answer in specific institutional forms, societal norms, and patterns of strategic conduct which both expressed and regulated these conflicts until the inevitable tensions and divergencies among these various regulatory forms reached crisis point' (Jessop 1988, p. 149). Lipietz explicitly distances himself from long-wave and systemic analysis commenting that 'regimes of accumulation and modes of regulation are chance discoveries made in the course of human struggles and if they are for a while successful, it is only because they are able to ensure a certain regularity and a certain permanence in social reproduction' (Lipietz 1987, p. 15). There is a fundamental difference of emphasis between those who focus largely on the production process (as Hoggett does, at least in his initial formulations of the problem) and those who are more concerned with the interaction between regimes of accumulation and modes of regulation (such as Lipietz and others within the regulation school). Even while each is apparently discussing the same phenomena, and using what looks like the same terminology, they have quite different theoretical starting points.

Stoker stresses that he

does not see the reform programme as rising automatically from the processes of social and economic change. Rather... it is part of the Thatcher Government's response to these processes. The aim is to create a local government compatible with the flexible economic structures, two-tier welfare system and enterprise culture which in the Thatcher vision constitute the key to a successful future (Stoker 1989, p. 159).

Although he refers to Hoggett and Geddes, the conclusions Stoker draws from them are modest. He returns to many of the familiar examples of change, in particular marketization, contracting out, and a new emphasis on consumers. Like Hoggett, he notes the extent to which they parallel shifts in the private sector, going so far as to suggest that with information technology it is not too difficult to see local government as a sort of public sector Benetton, through which information may pass out to a set of service providing contractors (p. 166). His stress, however, is on the development of a dual welfare system within which the weak (and the poor) will have to rely on increasingly minimal local welfare while the better off have access to private (or better public) welfare, topped up with their own resources. His post-Fordism is a rather more bleak, and overall more convincing, vision than that of Hoggett.

But some of the weaknesses of the model utilized by Hoggett are also apparent in Stoker's arguments. Most important, the nature of Fordist local government remains elusive. It is in this context that Hoggett's arguments are introduced, and even as qualified by Stoker, they do not quite fit. The allegedly Fordist model stressing functionalism, uniformity and hierarchy listed by Stoker (1989, p. 151 and borrowed from Stewart) may be an accurate enough reflection of the formal structures of UK local government, building as they do on a legislative framework bequeathed from the nineteenth century or expressed in the ideal types of Weber, but they bear little relationship to what actually happened in the UK after 1945. Elsewhere Stewart has acknowledged both the lack of uniformity and the importance of internal bargaining within authorities, noting the importance of competing professional ideologies (Stewart 1983, p. 102) and, of course many of the detailed decisions of those allocating resources in housing departments, social services departments and 'delivering services' in schools have involved significant variation. Stoker, too, in another context himself seems to argue for a rather more complicated picture of organizational politics within local authorities (Stoker and Wilson 1986).

Nor can one be sure of the direction of change predicted in the UK. One consequence of the new arrangements may be an increase in formal hierarchy for some groups leaving still less scope for practical initiative at the level of delivery (for example because of the imposition of tighter financial control systems, see for example Flynn 1987). The spread of compulsory competitive tendering seems to have had the effect of imposing financial discipline on key agencies within the council, offering senior managers a way to increase labour discipline. As Dunleavy points out, it offers a way for the chief officers to undermine the position of a troublesome set of - blue collar - subordinates (Dunleavy 1986, p. 21). Evidence from the first rounds of compulsory competitive tendering suggests that between 61 per cent (in building cleaning) and 97 per cent (in catering for education and

welfare) of contracts have been awarded to councils' own direct service organizations, with a higher proportion of higher value contracts also being awarded to those organizations (LACSAB 1990).

Nor is it clear that privatization of this type – based on the issuing of contracts – necessarily encourages flexibility, even when contracts are awarded to private suppliers. Stewart argues that government by contract may reduce the scope for flexibility by fixing arrangements for relatively long periods and making renegotiation difficult (Stewart 1989a). Close sets of relationships between favoured suppliers and particular local governments may also be encouraged. Some of the dangers here have been highlighted in the experience of 'management buy outs' from new town development corporations (which are some way further down the line than most councils). The National Audit Office has expressed concerns about the ways in which a number of new town corporations privatized many of their professional activities, while, in effect, continuing to issue contracts to their previous employees (Comptroller and Auditor General 1990).

It is also unclear who will have the effective power in the new arrangements in the issuing of contracts. Here the comparison with Benetton and Marks and Spencer may be helpful since such purchasers clearly have power over suppliers dependent on them for large orders. It is not so clear that local governments are in a similar position. The experience of the GLC's economic policies, on which Murray draws to argue for the opportunities offered by flexible specialization, suggest that it may be possible to intervene effectively in those areas where the authority is dominant, but they also show how difficult it is to be effective in sectors dominated by other agencies (Murray 1987).

Another set of questions arises from considering the rather equivocal position of the voluntary sector. In some cases, such as the larger housing associations, voluntary organizations become equal partners in negotiations with councils, and – more important – central agencies (Houlihan 1988, pp. 48–54). In others – at community level – the relationship may involve the construction of new forms of control, since voluntary organizations are highly dependent on their financial backers and may find themselves under far more extensive forms of inspection (see, Hadley and Hatch 1981, pp. 157–9). As dependent – almost client – organizations they are likely to exercise a high degree of self-censorship, instead of surviving as independent and autonomous organizations working alongside local governments.

One of the central problems with arguments which start from the identification of a wider move from Fordism to post-Fordism, is that it is possible to acknowledge the existence of many of the changes, without yet being convinced that they have taken place as part of that shift. There is a danger of constructing a model of change to justify the development of a favoured strategy and giving it the gloss of inevitability. The cost of acknowledging that a wider structural shift is taking place and locating local government within it, is that the whole process becomes a 'necessary' one, however that 'necessity' is qualified. There is a danger that every piece of evidence for fragmentation and every claim for flexibility is accepted at face value because it fits into the model. At its worst, the approach seems to reduce

Marxism to a series of binary oppositions which can be listed and catalogued without being questioned, and into which reality then has to fit. Its theoretical basis relies on identifying the replacement of Fordist systems by their opposites, so: instead of mass production, flexible specialization; instead of centralization, decentralization; instead of hierarchy, participation; instead of unity, fragmentation; and so on (see, for example Murray 1989; Harvey 1989, ch. 9; Rustin 1989, pp. 56–7; Stoker 1990). But this does not amount to a convincing theory of social change.

Regulation theory is such a protean beast, however, that in some versions at least these criticisms may find little purchase. Jessop identifies seven regulationist 'schools' which he manages to boil down to four types of approach (Jessop 1990, pp. 155–62). Some argue that the strength of regulation theory is precisely that it is open ended – Elam, for example, emphasizes that it encourages an 'enhanced interest in the peculiarities of historical/cultural contexts and greater attention to "ethnographic detail"' (Elam 1990, p. 33) and stresses the point that for its French originators, even if Fordism can be identified, the shape of its likely replacement remains open. Jessop *et al.* argue that the UK was never fully Fordist and is, therefore, unlikely to become fully post-Fordist (Jessop *et al.* 1989, p. 99). They identify features which look more like pre- and post-Fordism in the post-war period, and point to some elements of Fordism likely to survive and even expand into the 1990s. Unlike Stoker, they argue that Thatcher obstructed, rather than assisted with, the UK's shift to post-Fordism (p. 83). As the qualifications accumulate the problem then becomes identifying what the theory has to offer that is fundamentally distinctive.

If the model is transmuted – as Stoker has now suggested it should be (for example Stoker 1990, p. 249) – to an ideal type, then it becomes little more than the juxtaposition of two typologies with little to say about the dynamics of change. It begins to look as if the theorists want to have it both ways: on the one hand the theoretical approach implies a structural shift, whose key features can be identified from first principles; but as soon as its proponents are accused of determinism, or it is suggested that some of the changes it appears to predict are not taking place, then it becomes increasingly slippery. As a result, it is difficult not to agree with Sayer when he suggests that, 'the trouble with concepts like Fordism, post-Fordism and flexible specialisation is that they are overly flexible and insufficiently specialized' (Sayer 1989, p. 666).

FROM WELFARE STATE TO ENTERPRISE STATE?

It is necessary to place local government within the wider post-war economic and political settlement – a vital part of the Keynesian welfare state – as the theorists of post-Fordism do, because it confirms that it is not a free floating institution but part of the wider UK polity, set within the framework of a changing political economy. But the theoretical model they adopt makes it difficult to acknowledge the significance of the welfare state and the local state as part of a political settlement rather than one which flows from economic arrangements. Once the independent weight of politics is acknowledged, the form and implications of the break up of the post-war settlement have to be looked at rather differently.

Viewed from this perspective, the settlement itself always looked rather less stable than anything labelled 'Fordism' might be expected to be – in the UK, 'it was a political contract built on an unsustainable economic basis, requiring the pursuit of impossible economic objectives' (Schwarz, 1987 p. 115). One of its key elements was the expansion of local government as part of the welfare state. Local authorities lost many of their other responsibilities through nationalization in the immediate post-war period, but these were dramatically substituted for by the growth of welfare spending. Local government expenditure, largely on these activities, rose throughout the post-war period, both as a share of public spending and as a share of national income. It is in this context that it became common to refer to local – or urban – politics as the politics of social or collective consumption (Dunleavy 1980, Saunders 1984). Some of the ways in which local government was integrated uneasily into the welfare state through a series of overlapping policy networks are explored by Rhodes (1988), and the restructuring of local government in the 1980s can plausibly be explained as part of the wider break up of that state.

Some have argued that democratically elected local government reasonably open to pluralist pressures was a key element in the post war welfare state, and there is some evidence for this (Duncan and Goodwin 1982, p. 93; Saunders 1984). Dearlove argues that the reorganization of the early 1970s took place to undermine working class and democratic access while improving it for business interests (Dearlove 1979, pp. 104–5). But it is not necessary to identify a 'golden' past which has been replaced by a less democratic present: to construct the past mainly in order to provide a contrast for the present. That simply reverses the implications of the post-Fordist model, which presents a negative image of the past and points to the possibilities of a more golden future.

Even sympathetic accounts confirm that post-war municipal Labourism was associated with political and professional élitism as much as democratic involvement or pluralist openness (see, for example Goss 1988, ch. 2; Gyford 1985, pp. 6–10). While the extent of links between some council officers and members and sections of the business community, particularly those concerned with the construction industry and office development, is also well recorded (whether in the form of corruption associated with scandals like that around the Poulson case or in more subtle ways, see, for example Marriott 1967, particularly chs. 9 and 14; Dunleavy 1981). Dearlove successfully explores the concerns about working-class involvement buried in the coded language used in discussions of councillor and officer calibre in a series of official publications around the turn of the 1970s. But he is not so successful in providing positive evidence of the impact of working-class politics at local level before 1974. It is unclear quite why the writers on calibre were so worried (Dearlove 1979). The political differentiation of the 1970s and 1980s suggests that the reorganization of local government made matters worse rather than better.

Despite lingering doubts about their interpretation of the past, however, the arguments of Dearlove and Saunders are more helpful in suggesting ways of analysing the present and suggesting possibilities for the future. One does not have to be convinced by the dual state model to acknowledge the increased significance

of 'corporatist' modes of mediation at local level, particularly in the extent of representation of business interests, but possibly also in a decline of representation for traditional welfare state professionals (Saunders 1984, p. 35). And, in retrospect, Dearlove seems remarkably prescient in identifying a concern about the lack of a formal relationship between 'economic power, social status and the political control of local government,' and the extent to which political power was 'almost totally divorced from economic power' (Dearlove 1979, pp. 104-5).

It is not difficult to see the period since the late 1970s as one in which the links between business and government have begun to be forged rather more effectively than in the past, as part of the process of moving towards an 'enterprise state'. The language of welfare has been replaced by a language of growth, regeneration and public/private partnership, particularly in urban areas. At the same time the organization of local welfare provision is also being extensively restructured to reflect new priorities. The direction of change is clear enough: if the post-war settlement was one which sought to incorporate the working class and its organizations, that of the 1980s, arising from the crisis of social democracy which characterized the 1970s, is one which starts from the needs of business and its organizations. At local level it implies the arrival, or possibly the return, of business as an active participant in the political process.

BUILDING BUSINESS INVOLVEMENT

For most of the period since 1945 business people in the UK have been markedly reluctant to become involved with local government. Chambers of Commerce have been notoriously weak compared to their counterparts in continental Europe (where they have public law status), and have generally had little to say about most local government matters, except that planning rules were too tight, rates too high and that some sponsorship of overseas promotional trips might be helpful (see, for example Stewart 1984). The increased involvement of business in the processes of local government has been carefully constructed over the last decade, with help from central government, elected local governments and initiatives from the private sector. An early and rather modest expression of this can be seen in the requirement of local authorities to consult local businesses over rate levels and urban aid applications in the early 1980s, but the process has moved on apace since then (Grant 1987, p. 163).

Central government has increasingly encouraged business leaders to take positions within more 'civic' arenas. It has done so in a number of ways. In some cases, it has simply set up local organizations whose structures involve such 'leaders'. Urban development corporations have principally drawn on those concerned with property development as board members, particularly in the case of London Docklands, although representatives of other sectors have also been appointed. More recently the creation of training and enterprise councils (TECs) and local enterprise companies (in Scotland), whose operation is largely to be delegated to business agencies, has taken the process further. The running of state-funded training programmes is already the main source of income for many chambers of commerce. According to one report, 'never before has government been willing to hand to

employers the executive authority, executive responsibility, and most importantly, the resources for public programmes. And never before have employers responded so rapidly and with such enthusiasm to the vision and the opportunity' (Bennett and Business in the Community 1990, p. 8).

But the process is not restricted to these specialist agencies. In education, business is now expected to make a far more extensive contribution to the development of syllabuses and provision within schools and further education. In higher education the privatization of polytechnics has brought higher salaries to senior management, and increased importance for business representation on boards of governors. There has been a marked blurring of the distinction between the public and the private, in terms of policy responsibility as much as service provision. This is, perhaps, clearest in the planning field, where there has been an endorsement of private-sector-led development planning, also helping to shape patterns of housing provision. Large scale proposals prepared by development consortia tend to be called in by the secretary of state, thus avoiding detailed local scrutiny (see, for example the discussion of proposals for the development of 1500 acres in Swindon, Bassett and Harloe 1990, pp. 54-5). The operation of the London Docklands Development Corporation seems to lead in similar directions (see, for example the discussion of leverage planning in Brindley *et al.* 1989, ch. 6) and in more traditional new towns, such as Milton Keynes, development consortia also have significant influence, preparing plans for residential areas, within broad guidelines. The significance of such developments has been recognized within the planning profession, to the extent that some have argued for the new power relations to be given formal recognition. Lock, for example, suggests that effective planning in the South East will only be possible if regional planning agencies can be set up linking state, developers and other business interests (Lock 1989).

As well as the undoubtedly deliberate process of restructuring from above, initiatives from the private sector have also been endorsed by the centre. The Thatcher government was able to claim that the expansion of enterprise agencies in the 1980s was a measure of the dynamism of the private sector and its commitment to the regeneration of Britain's urban economies. Business in the Community (BiC) has acted as a major focus for business involvement in the development of inner city policies, and a more 'neutral' arena through which collaboration between business and local government could be developed without a high level of political controversy. Jacobs notes the way in which BiC has tried to create new forms of business leadership in the process of urban economic regeneration, for example, through the formation of business leadership teams (BLTs), involving senior local businessmen alongside representatives from local government, the trade unions, education and the voluntary sector (Jacobs 1990). Business in the Cities (a joint initiative organized by the CBI and BiC) has pointed to the need for business to take on a leadership role in urban areas, with BLTs and TECs interlocking to develop common strategies. It argues for business to develop a vision starting at community level, based around 'co-ordination and partnership' with other local agencies: 'The vision must be optimistic, yet practically anchored on the past legacy and a practical

future... And, to retain community confidence, it must be achievable' (Bennett and Business in the Community 1990, p. 12).

Here, too, new structures, new political forms, possibly even new state forms, are identified. The report argues that, 'the division of responsibilities among stakeholders... requires a business plan. A city often needs a partnership to function as "Board of Directors" to co-ordinate its "staff", "line" and area activities, just as a business does. The local council cannot bear this responsibility alone' (Bennett and Business in the Community 1990, pp. 12-13). The nature of 'partnership' implies the need to set up an identifiable 'executive power and agency' (p. 23) separate from elected local governments. The language of business - the jargon of the new management - is used as a focus of policy development. Stress is placed on the need to develop 'mission' statements, and business plans, based on SWOT analysis (strengths, weaknesses, opportunities and threats/competition). The new teams are advised to aim for flagship projects, rather than integrated programmes like those which elected local government is expected to develop. They are exhorted to act like businesses (Bennett and Business in the Community, pp. 26-9).

It is, perhaps, easy to dismiss these claims as exaggerated - just as much wishful thinking as the ideas raised by some believers in the enabling authority. And certainly, the hopes expressed in this document are just that. The extent to which active business involvement can be expected even in key areas remains unclear. Many councils would still confirm the difficulties they have in involving business leaders in partnerships and joint ventures. And it is misleading to imagine that 'business' is a unified political force. Reports such as these and other publications of BiC are as much about constructing an atmosphere of legitimacy for business involvement (and consciousness of the demands of business) at local level as they are about actual involvement. But this does not mean that these arguments should simply be dismissed. They may be important in other ways, changing attitudes as much as structures. Moore and Richardson conclude convincingly that in the medium term the move towards partnership is more important for the way in which it encourages 'changes in culture, ideas and the balance of political power between public and private sectors and between central and local government' than it is in achieving any economic benefits (Moore and Richardson 1989, p. 154).

Elected local government has not been pushed completely to one side by new organizations. On the contrary, most of the business initiatives have themselves explicitly sought to involve local councils, whether as a token of representation for the 'local community' or because it is, in effect, council officers who have played an initiating role. Even the Audit Commission has stressed the need to encourage active cooperation between local government and business in the process of economic development (Audit Commission 1989). There has been a substantial growth in partnership models rather than ones which imply the possibility of purely private sector initiative. Local authorities have themselves played a major part in helping to create the hybrid organizations which draw business into key areas of local decision-making, offering finance, staff and other support (see, for example Moore and Richardson 1989).

Links to the European Community, too, have helped to encourage the growth

of hybrid organizations. The European Commission has stressed the need for cooperation between different levels of government and business at regional level. It now allocates its main structural funds, apart from those related to agriculture, through integrated development operations (IDOPs) which are regionally based (recent schemes in the UK were based in Strathclyde and Yorkshire and Humberside) and made up of representatives of central government departments, local governments and business. IDOPs not only effectively produce regional (and sub-regional) plans, but are able to call on state resources for infrastructure and the provision of training in ways which suggest they can actively influence development, by encouraging co-ordinated operations within broad programmes (Lowe 1988, p. 518).

Even the new left authorities have played their part, although rarely with encouragement from the centre. Indeed it could be argued that they led the way by giving such a high profile to the local economy in the early 1980s. The enterprise boards which they set up have easily fitted into the enterprise agency model, themselves suggesting partnership and a new closeness between private and public sectors at local level, and even those authorities such as Sheffield, which avoided the enterprise board model have increasingly emphasized the importance of partnership (see Cochrane 1988, Cochrane and Clarke 1990, and Totterdill 1989 pp. 514–16).

THE RESIDUAL POLITICS OF WELFARE

The changes identified so far are in areas which have been marginal to local authority activity since 1945, and their increased salience in recent years suggests new bases for urban politics. But the importance of business in policy making at local level goes beyond direct involvement, which is strongest in the fields most directly relevant to business interests, such as economic development, education and training. It has substantially influenced the more traditional responsibilities of the local welfare state, too, confirming the move away from the local state as provider of collective consumption, to local state as defender of enterprise. Some traditional welfare concerns, for example inner-city policy, have simply been reinterpreted as problems of economic growth, so that urban regeneration has been defined as business confidence and new construction. The business model has also (as in the late 1960s) been taken as appropriate for the organization of other forms of local provision.

The importance of popular management texts has been widely noted (for example Stoker 1989 p. 147 and Lowndes 1990). Although it may be dangerous to exaggerate the practical significance of the new management rhetoric, many key professionals seek legitimacy not from the electoral process, but from their ability to fit in with the latest management language, particularly reflected in the shift of usage, admittedly still tentative, from 'client' to 'consumer', as well as a new interest in marketing. Finance professionals have been eager to take up the message of the Audit Commission with its stress on the 'competitive council' and a greater role for them (see, for example Clarke and Cochrane 1989), and some housing professionals have been keen to take up possibilities of running their agencies on

business lines (see, for example Smith 1989, who also refers to the literature of the new management).

While business has become more directly involved as part of the UK local government system and has influenced management practices within it, restructuring has also taken place at lower levels of the hierarchy of the local welfare state. In particular there have been significant moves towards more decentralized delivery systems, and towards the encouragement of more direct involvement and participation by groups which in the past have largely been excluded from political influence. In a sense these changes may be seen as the other side of the coin of greater business involvement at local level. These initiatives have usually been analysed in terms of their stated aims of increasing democratic involvement in service delivery, and increasing the efficiency of service delivery (see, for example Hoggett and Hambleton 1987).

But if they are considered as part of a wider processes of political restructuring, then their role may be rather more equivocal. They offer a way of integrating and better managing the troublesome classes left in the residual welfare state noted by Stoker, as well as the staff who manage them. It is accepted that these groups need to be given representation within the system, but their position within the hierarchy is clear. The key decisions about resources are taken elsewhere, by the strategists, the budget setters and the representatives of other interests. In a two-tier system, there may also be a two-tier corporatism. Many of the features of decentralization politics within local government are familiar from earlier attempts at 'community development', encouraging incorporation rather than autonomous action (which were so heavily criticized by Cockburn 1977). The fragmentation of the local welfare state helps to confirm these shifts, moving decision making into increasingly enclosed arenas, such as the joint committees bequeathed by the abolition of the metropolitan counties and the inter-agency bodies demanded by child protection work (see, for example DHSS 1988).

TOWARDS A LOCAL CORPORATISM?

The importance of differentiation between places in the competitive battle for employment, is widely accepted, and goes far beyond a narrow focus on economic development, fitting in with wider ambitions to strategic decision making reflected in the literature of the 'enabling authority'. The identification of special features has been a major feature of advertising campaigns in the late 1980s - picking up on the highly influential 'Glasgow's miles better' campaign. These have universally stressed the 'greenness' of the places being promoted, their receptiveness to high-tech, and service employers, and, where possible, their access to water-based sport facilities, which seems to have become a symbol of high status. Cultural differentiation, too, has become an increasing measure of activism, with Glasgow scooping the pool by winning designation as European City of Culture in 1990, but with Birmingham (attracting the Royal Ballet from Sadlers Wells) and Liverpool (with the Tate Gallery of the North) also heavily in contention. Even the corporate logos of many local authorities have been drawn into the battle. Only the more 'conservative', such as many inner London Boroughs, have been stuck with the modernist

corporate symbolism of the early 1970s – the rest have moved on to historical skylines, or symbols which suggest that even the most industrial of cities nestles gently in the midst of rolling countryside, or at the heart of a scenic valley. Harvey comments pointedly that 'Corporatist forms of governance can... take on entrepreneurial roles in the production of favourable business climates and other special qualities' constructing 'an atmosphere of place and tradition that will act as a lure to both capital and people "of the right sort"' (Harvey 1989, p. 295).

It is possible to chart a highly negative vision of the future, in which elected local government becomes a largely residual category, dependent on the centre for finance and overshadowed by other agencies dominated by business interests. This seems to be the message of US debates about local growth coalitions, between those who identify the dominant forces in local politics as developers and other property interests (Molotch 1976, Logan and Molotch 1987) and those who identify wider coalitions of business as dominant (Cox and Mair 1988, 1989). Cox and Mair argue that the threat of anti-growth politics forces business interests to form their own coalitions in order to set the political agenda in particular localities, so that a consensus is forged 'in which the politics of restructuring is conceived of as a competition among "localities" rather than as a struggle within them' (Cox and Mair 1988, pp. 307–8). Whatever the basis of the coalition, both sides of the debate seem agreed that more democratic, citizen-based activism is doomed to defeat on most issues. A pessimist might conclude that similar developments within the UK are likely to mean that political debate at local level will in the future mainly focus on disagreements between property developers and other business interests (such as retailers, manufacturers, service industries).

But in the UK it has been necessary to construct business involvement from above. It has not been generated as a result of local pressures from existing business groups. 'Growth coalitions' are often public sector, rather than private sector led. In the case of Swindon, for example, the key 'coalition' seems to have been between leading politicians and professionals (Bassett and Harloe 1990, p. 58. See also Harloe 1975). Cooke (1988) argues both that there is little evidence of 'growth coalitions' of the US type in the UK and that existing evidence suggests that there is scope for local authority-led coalitions based around negotiation and partnership with agents in the private sector and the community. He argues that new opportunities exist for taking the lead in influencing the private sector through joint ventures of one kind and another (Cooke 1990). Hirst builds on similar arguments to construct a developed model of corporate policy-making, which draws together central, local and regional governments with business, employees and communities, to produce appropriate forms of economic policy for the new world he hopes to see, built around the possibilities offered by 'flexible specialization' (Hirst 1989b).

The role of the local state suggested by these arguments is an active one, rather than one in which business or a particular fraction of local business is dominant in any straightforward fashion. The developing arrangements are closer to neo-corporatism, in which the local state still matters, rather than neo-pluralism dominated by business (Dunleavy and O'Leary 1987, ch. 5). In the past, writers

such as Cawson have been sceptical about the possibility of 'local corporatism' because it implies too great a degree of independence of economy and the state at local level. Cawson argued that whilst it might be possible to have 'corporatism at local level' through which national interests were represented and local interests incorporated or national priorities were imposed at local level, it was more difficult to imagine what a strictly 'local' corporatism would look like, since neither 'capital' nor 'labour' could be seen as local phenomena. In most cases, he argues, 'the local dimension is the target for intervention rather than the basis for the organization of the participating bodies' (Cawson 1985, p. 144). This distinction is useful in interpreting the period up to the late 1970s but recent research has stressed the importance of local social relations, suggesting ways in which they might provide the basis of such organization (see, for example Cooke 1989 and Harloe *et al.* 1990). This is something Cawson himself seems to have recognized in his discussion of micro-corporatism, associated with the Greater London Council and its economic policy (Cawson 1986, pp. 118–21) and in the developing local economic policies of the late 1980s with their emphasis on public-private partnership, it looks still more appropriate. It is now a bit clearer what local corporatism might look like, even if it is premature to suggest that it has become the dominant model of urban politics.

It might be convenient to conclude this survey of the changing nature of urban politics by pointing to the wide variety of possibilities open to local government in the 1990s. This is the conclusion drawn by Brindley *et al.* (1989) who reject the possibility of characterizing the new politics with any one overarching label – although one of them has since suggested that post-Fordism might be appropriate (Stoker 1989, 1990). They are justified in highlighting the complexity of the processes of restructuring which are taking place and in confirming that they are not yet complete. But it is possible to go a little further, to attempt to identify directions of change, even if they are not yet fully developed. The overall context for local government and urban politics has begun to change, and some of the features of the new arrangements are becoming clearer.

The supporters of the enabling authority and of post-Fordism tend to place stress on flexibility or fragmentation, with local government becoming one (perhaps the first) among many providers or becoming the regulator of a wider range of provision offered by others. In a sense each accepts the definition of local government as *elected* local government and seeks to find a key role for it in the new world of the 1990s. If we start from a broader definition of local government – perhaps closer to that of the local state – to include non-elected local governments and other sets of power relations, then the picture begins to change and it becomes possible to operate with a more complex picture of urban politics. In this context, too, it is still possible to acknowledge the significance of market mechanisms and of the 'enabling' authority, setting them within a wider context of change, as well as incorporating some of the insights offered by post-Fordism.

Tentative conclusions can be drawn which point towards corporatist structures set within the broader framework of a capitalist political economy – with the functional representation of different groups at local level through a variety of

organizations, including, but not exclusively, elected local governments. Elected local governments may continue to play an active role as mediators between different interests, managing those otherwise excluded, but more clearly than ever will do so in an overall context which acknowledges the role of business. It is also likely to have to share that role with other state bodies, which may (following Stoker) be characterized as non-elected local government. Proposals for the shift of some existing responsibilities (for example police, education and child protection) to specialist agencies, in the context of moves towards unitary authorities, are likely to reinforce this, by undermining the centrality of elected local governments. Local politics in the 1990s will increasingly need to be analysed in terms which acknowledge a new set of power relations, reflected in an increased emphasis on public/private partnership; which partner is dominant in particular cases may still be an open question, but that will be the question which matters.

NOTES

1. Some authors, including Hoggett and Lipietz, use the term neo-Fordism in preference to post-Fordism. Lipietz refers to a potential neo-Fordism to indicate that the crisis of Fordism is not yet resolved. In this paper the term post-Fordism is used deliberately because most of the arguments under discussion (including those of Hoggett) seem to proceed from an assumption that a fundamentally new set of arrangements is being introduced.
2. I owe many of these points to discussion with David Welsby.

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POLICY DIFFERENCES WITHIN THE UNITED KINGDOM: THE CASE OF HOUSING POLICY IN NORTHERN IRELAND 1979-89

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This article examines, through a case study of housing, the extent to which national housing policies under the Thatcher government were modified or deflected at the N. Ireland regional level. Three aspects of housing policy – housing expenditure, public sector rents and the 'right-to-buy' legislation are considered and the roles of key actors within the territorial community described. Although similarities with GB housing policy emerge, there is evidence of a distinctive regional approach. Factors which influenced a N. Ireland-specific policy approach are considered and the potential for variance in the future outlined.

INTRODUCTION

The fact that the United Kingdom is a unitary state with a supreme Parliament implies a degree of homogeneity across its territorial regions. Commentators have suggested that most policies in each of the four regions of the United Kingdom are basically similar in aim and content, despite different arrangements for their administration. Rose, for example, has argued that the majority of policies are what he terms concurrent policies, namely 'programmes with the same function throughout the United Kingdom but delivered by different institutions in different parts' (Rose 1983, p. 111). He adds that concurrent policies are meant to be harmonious or consistent with each other 'except for administrative differentiation'.

This view is supported by the empirical work of a number of academics who have investigated policy making in Scotland and Wales. Keating and Midwinter argued that, within the Scottish context, policy outcomes depend on a complex interplay of Scottish and Whitehall elements, with the latter usually dominant. Their view of the independence of Scottish policy communities is that areas of Scottish autonomy are tolerated 'so long as they do not infringe on United Kingdom priorities or concern relatively non-controversial matters' (Keating and Midwinter 1983, p. 297). Similarly Kellas and Madgwick concluded that for most of the time, the Welsh and Scottish offices are engaged in the 'humdrum business of

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implementing policies decided elsewhere and introducing modest variations where they can, to suit the conditions, needs and idiosyncrasies of the two countries' (Kellas and Madgwick 1982, p. 29).

These writers all emphasize what might be termed a policy-unionist perspective, in which the centralizing and uniform tendencies of policy making in the United Kingdom are dominant. To utilize the concept of policy networks (Wistow and Rhodes 1987; Rhodes 1988), the policy-unionist case is that policy networks within Scotland and Wales, by and large, have little influence over the major policy developments in Britain and are limited to implementation.

A variety of reasons have been advanced to explain these findings. These include the relative unimportance of the Scottish and Welsh offices in the Whitehall machinery, the need to justify differences to an English-dominated Parliament and Cabinet, the view that people throughout the United Kingdom demand the same level of service provision and the dominance of professional bodies and pressure groups who are organized nationally and whose focus is Whitehall.

The relationship of the evolution of economic and social policy in N. Ireland within the United Kingdom framework has not been examined to the same extent. Instead the major preoccupation in the literature has been political conflict and violence, which, given the importance of these issues for the people of N. Ireland and elsewhere, is not surprising. Some research into the management of the UK periphery has however alluded to the unique circumstances of N. Ireland and the resulting consequences for Westminster-determined policies. Goldsmith noted the '*considerable process and network variations, and some policy differences* (our emphasis) and rivalries at all times' in N. Ireland (Goldsmith 1986, p. 155). The purpose of this paper is to examine the housing policy network in N. Ireland during the Thatcher era of 1979-89 and address the major issue emerging from Goldsmith's assertion. To what extent were national housing policies modified or deflected at the N. Ireland regional level?

THE TERRITORIAL COMMUNITY

Policy networks have been defined as 'a complex of organizations connected to each other by resource dependencies and distinguished from other complexes by breaks in the structure of resource dependencies' (Benson 1982, p. 148). Rhodes (1988, p. 78) described six types of network - policy and territorial *communities*, *issue*, *professionalized*, *intergovernmental* and *producer networks*. What distinguishes each type of network is their level of integration. Policy communities are based on major functional areas such as housing and education and are highly integrated because of 'the stability of the relationships of their members; the continuity of a highly restrictive membership; the interdependence within the network, based on the members' shared responsibility for initiating and making policy, or for the delivery of a service, and the insulation from other networks' (Wright 1988, p. 607). Territorial communities are also tightly integrated representing the ministries, local authorities and quasi-government in Scotland, Wales and N. Ireland. *Networks* are less integrated. Professionalized networks are characterized by key professional actors such as doctors in the national health

service. Intergovernmental networks refer to the representative organizations of local authorities, for example the Association of District Councils (ADC), Association of Metropolitan Authorities (AMA), etc. Finally, producer networks are distinguished by the prominent role of economic interests in policy making.

The focus of this paper is the N. Ireland territorial community which encompasses not simply the functional areas represented by policy community but also territorial interests. The distinctive features of the territorial community will be explored through an examination of N. Ireland housing policy since 1979. As Rhodes suggests: 'The territorial organization of the centre provides the focal point for a distinct network which, whilst subject to UK-wide pressures, develops its own distinct policy instruments' (Rhodes 1988, pp. 280-1). A considerable number of institutions are involved in the N. Ireland housing network including public and private organizations. It has even been suggested that the security services have an input (Cowan 1982; Singleton 1985). Building societies, various professional bodies, and the construction industry all play a part in housing policy development, but their desire and ability to influence housing policy directly at regional level varies. The construction industry, for example, in N. Ireland is organized regionally (though with national contacts) and their representative organization - The Federation of Building and Civil Engineering Contractors (N. Ireland) Ltd. - is in constant contact with relevant regional government agencies. This mode of organization is not surprising given that the construction industry is a key element in the N. Ireland economy with many small firms heavily dependent on housing expenditure. While there is a regional organization of building societies in the Province - the Association of Building Societies - they generally see their influence operating principally at national level, though their role in this case study is not without significance and illustrates their discretionary role in allocating funds to 'risk' areas in N. Ireland.

For present purposes, however, it is neither necessary nor appropriate to undertake a complete description of the policy network. Instead it is proposed to focus on the core organizations of the policy network, introducing other actors when germane. These organizations, considered in turn, are:

- (i) The N. Ireland Housing Executive (NIHE);
- (ii) The Department of the Environment (DoE N. Ireland);
- (iii) Local government.

Northern Ireland Housing Executive

The structure of the housing network owes a great deal to the social, economic and political environment in which it is embedded. The N. Ireland Housing Executive was established in 1971 as one of the key components of the reform programme which followed the civil rights campaign of the late 1960s. Prior to 1971, public housing was provided by local authorities, i.e. borough, urban and rural district councils, and the N. Ireland Housing Trust, a public agency (set up in 1945) which was intended to supplement the work of the local authorities. In addition, two development commissions, Craigavon and Antrim-Ballymena, were set up in 1967 to facilitate the growth of new towns in these areas.

A number of complaints were directed against local authorities' housing practices. These were summarized by the Cameron report (1969) as:

- (i) the inadequacy of housing provision by certain local authorities;
- (ii) unfair methods of allocation of houses built and let by such authorities (referred to at that time as 'key money' for councillors), in particular, refusals and omissions to adopt a 'points' system in determining priorities and making allocations; and
- (iii) the misuse in certain cases of discretionary powers of allocation of houses in order to perpetuate Unionist control of the local authority.

In fact Cameron confined his strictures to six housing authorities out of more than 60 investigated, but as the Executive's first chairman, reflecting upon the emergence of NIHE, put it:

There was a crisis of confidence both in the effectiveness and in the impartiality of some housing authorities. There had been massive population movements, squatting, intimidation, and a major rent strike, resulting from the troubles which had started in 1969, and were at their most violent during the first months and years of the Executive's existence (Annual Report of NIHE 1983/4).

The Housing Executive was established as a single-purpose central housing authority for N. Ireland with responsibility for the building, management and allocation of all public housing. It replaced a total of 67 housing authorities and took over the management of some 155,000 dwellings.

The board of the Executive is its key decision-making and executive body and its ten members are appointed by the minister responsible for the Department of Environment (N. Ireland). Included among the ten are the chairman and vice-chairman both of whom the minister directly appoints. His choice of the remainder is constrained in a number of ways. Three members are nominees of the Housing Council – a consultative and advisory body comprising one representative from each of the 26 district councils. Given that these are invariably members of the two main Unionist parties (Ulster Unionist and Democratic parties), the minister usually appoints representatives from the two main non-Unionist parties (the Alliance Party and the Social Democratic and Labour Party). In addition, he is required by legislation to ensure that one of the board appointees is a woman and there are attempts to ensure that a tenant representative is included. Whilst policy remains the remit of the centre, in operational terms the NI Housing Executive functions through six regions; each is headed by a regional director who is responsible to the chief executive and his directorate for all aspects of housing in his/her region. The regions are further subdivided into housing districts with the district office seen as the Executive's main means of contact with tenants and the general public.

The state of housing in 1979 (and before) was significantly worse than the rest of the United Kingdom. According to the N. Ireland House Condition Survey 1979, some 33 per cent of the total regional dwelling stock required remedial action of some form, ranging from major repair to renewal: a total of 142,600 dwellings,

of which 66,219 (14.1 per cent) were recorded as statutorily unfit for human habitation. One-fifth of all homes were still without at least one of the basic amenities, and 14 per cent were still without at least four – see figure 1(a). Even this situation represented an improvement from conditions in 1974 when unfit dwellings constituted 19.6 per cent of housing stock. The unfitness rate, while still declining, is 14 per cent of the total housing stock which still remains in excess of 3 times that recorded for England in 1976' (N. Ireland House Conditions Survey 1979, p. 26). By 1984 matters had improved somewhat in that unfitness levels had dropped to 10.4 per cent of total housing stock compared with 6.2 per cent for England in 1981. However, progress made in tackling statutory unfitness was offset by a significant increase in levels of disrepair, 7.8 per cent to 15.3 per cent – most apparent in private dwellings within rural areas. By 1987 a further decline in unfitness levels was registered at 8.4 per cent, higher than those in England and Wales in 1971. The 1986 English House Condition Survey also showed an overall improvement in housing conditions since 1981 – a significant reduction in the number of dwellings lacking amenities and a modest decline in the number of unfit dwellings and those in serious disrepair (Coles 1989). Dwellings in a poor state of repair were defined in the 1986 survey as those which required urgent external repairs costing £1,000 – this allows a more recent comparison between house conditions in England and N. Ireland – see figure 1(b).

FIGURE 1(a) *N. Ireland house condition surveys*

KEY INDICATORS

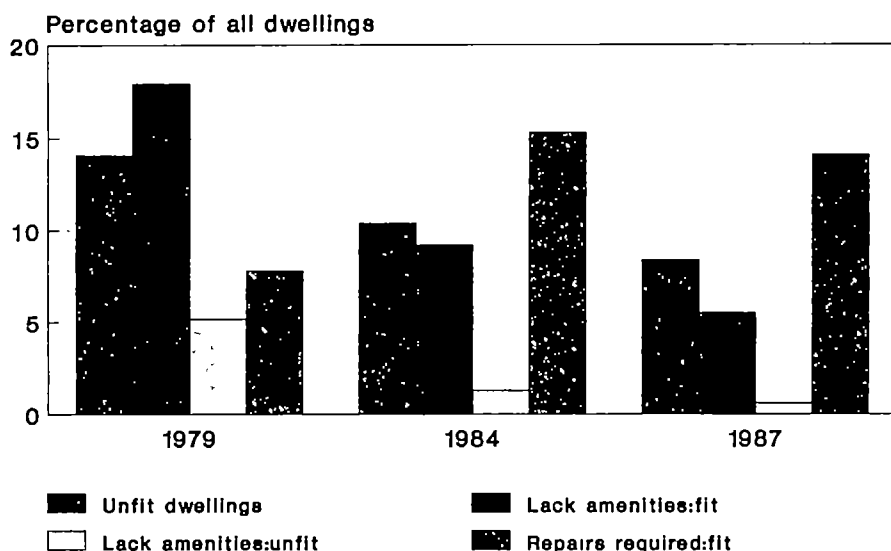
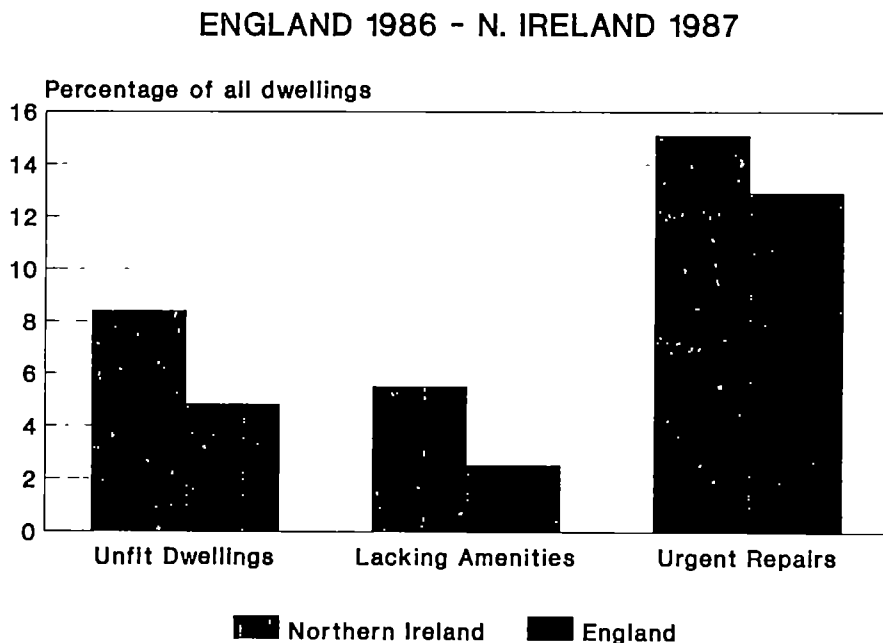


FIGURE 1(b) *Comparative dwelling conditions*

Department of the Environment (N. Ireland)

Though the Executive has responsibility for delivering public housing services, it was not intended that it would act without reference to either central or local government. Central government control over housing is exercised through the Department of Environment (N. Ireland). It has the right to 'give directions of a general or specific nature to the Executive as to the manner in which it is to discharge its functions' (section 10, 1981 Housing Order). NIHE must provide the Department with such information as it requires. In addition, it has to approve such housing schemes as it requires to be submitted, approve the declaration of clearance and redevelopment areas, vesting of land and the declaration of housing action areas.

With respect to finance, the Housing Finance Order (No. 597, [N. Ireland 8] 1977), updated by the Housing (N. Ireland) Order 1981, provides the basic legislative framework. The Executive must submit to DoE (N. Ireland), in such form as the department may direct, estimates of the income and expenditure of the Executive during the next following financial year and 'shall submit such other information relating to these estimates as the Department may require' (Article 18 [1] 1981 Housing Order). Turning to the Executive's income, the department has a major say in each of its main sources of income. The original complex system of grants, which was a legacy from pre-1973 local government system, has been replaced by a single grant. According to the 1981 Order, the DoE (N. Ireland) may: 'in respect of each financial year pay to the Executive at such times, in such manner

and subject to such conditions as the Department may think fit, a grant towards the expenditure incurred or to be incurred by the Executive in that year' (section 20, para. 1, 1981). The Executive has to submit to DoE (N. Ireland) a scheme for determining rent and the department may require the Executive to amend that scheme. Further, the minister has the power to direct the Executive to increase their rents (S17). In addition, the Executive may, with the approval of the Department of Finance and Personnel, borrow money for house building purposes.

The department is directly accountable to Parliament for the Housing Executive in two ways. First, the Permanent Secretary, DoE (N. Ireland), is the accounting officer for the Executive. In this capacity he is entitled to ask for further details and to 'interfere', for example after the Rowlands report (1979) into the awarding of Housing Executive building contracts the department sought to ensure that correct procedures were adopted. The Permanent Secretary, DoE (N. Ireland) has complained to the Public Accounts Committee that he has had to deal with key organizational problems of NIHE 'at one remove' and that the department had to approach the solutions to these problems 'indirectly through our influence on the Board' (2nd Report from Committee of Public Accounts, 1979-80, Matters Relating to N. Ireland, p. 30 para. 1694). However, the role of the Permanent Secretary as accounting officer restricts the amount of autonomy and discretion available to the Executive and both the civil service and the Executive are very aware of this. The civil service are not ultimately prepared to concede to the Executive such autonomy for policy making and implementation as would place the Permanent Secretary in difficulty in matters relating to his accountability. Second, since the secretary of state and the designated minister are politically accountable for NIHE they will wish to ensure that they have adequate influence over issues that are liable to be politically embarrassing. In recent years a number of such matters have arisen. These include tenant discontent with district heating schemes, increases in rents and the involvement of paramilitaries in building contracts. Again this consideration restricts the degree of autonomy afforded to NIHE.

The relationship between DoE (England and Wales) and DoE (N. Ireland) is no more than a watching brief in which the latter ensures broad compliance with the thrust of centrally determined policy but at one and the same time maintains independence and local discretion, as is true of other N. Ireland civil service departments which according to Bell (1987, p.215) grapple with their own problems 'with the minimum of help from the Home Civil Service on matters where they have something to contribute'.

Unlike other territorial ministries, the Secretary of State for N. Ireland and his ministers (one of whom takes responsibility for DoE (N. Ireland)) are *not* politicians elected from N. Ireland. Indeed until the appointment of Brian Mawhinney as Minister of State in the N. Ireland Office it was the practice not to appoint Ulster-born people to these positions. Are these Westminster politicians perceived as being part of the N. Ireland housing policy network? While the political and constitutional significance of the secretary of state and his colleagues in the policy network is appreciated, purely local actors (councillors, Executive officials, even civil servants) often perceive them as outsiders, constraints on the local situation rather

than active players. This judgement surely gives too little importance to their role. Ministers committed to policies undoubtedly have considerable influence (Bell 1987). They can best be regarded as playing a boundary-spanning role in the regional policy network, connecting the national and regional networks and co-ordinating the various functional networks within N. Ireland.

Local government

Councillors are involved in the housing network through their right to be consulted both about general policy issues and the implications for their district council. In addition, the general public continue to turn to councillors to assist them with housing problems. At the general policy level there exists the Housing Council, consisting of 26 councillors, one from each local authority. The council considers issues which are referred to it by the Executive or which it considers are matters of importance. The department may also refer matters to the Housing Council, which, in turn, may 'make representations to the Department' (1971 Act 2[3]) as to their recommendations. As already noted, the council has the significant power of electing three of its members to the board of the Executive. The formal mode of entry of district councils into the network is the mandatory appearance of the district housing manager, regional director or chief executive and appropriate colleagues at council meetings to explain housing policy in that district area. These meetings are supposedly concerned with the new building programme, but other issues can arise from general policy matters to the quality of the maintenance programme in the district. A constant complaint from NIHE officials is that councillors invariably seem more interested in individual constituency matters than policy issues. Councillors on the other hand, especially those dominated by Official Unionist and Democratic Unionists, feel that their views are not taken account of sufficiently by the Executive. This perception is due in part to the inability of the Executive to deliver all that is demanded of it by the councillors. More importantly unionists feel that the existence of NIHE is politically unacceptable, as it owes its origins to an analysis of housing in N. Ireland that raises questions about their past stewardship of the function (Birrell 1980). In addition in some rural councils there is resentment that, as councillors see it, new housing development neglects rural areas.

The final role of councillors in the housing policy network is to mediate for individual (and sometimes groups of) constituents. A great deal of councillors' work relates to housing matters, despite their limited formal role, with constituents believing that councillor intervention with the NIHE is useful. Hence for councillors, housing is a key-issue arena in which they exercise too little influence. In UK terms however, there is evidence that principles of equity or social justice are best served with limited political input – the record of N. Ireland councillors in this regard would certainly substantiate such a view.

OVERVIEW OF THE TERRITORIAL NETWORK

N. Ireland is unique within the United Kingdom in that the delivery of the public sector housing service, which includes the provision and management of grants

to the private sector, is the sole responsibility of a para-governmental agency, the N. Ireland Housing Executive (NIHE). There are examples of public agencies elsewhere which supplement the housing service provided by local government, for example Scottish Homes, its Welsh equivalent, English HATs and the Housing Corporation. The key contrast with the current arrangements in N. Ireland is that local authorities in the province do not have any direct responsibility for the provision of housing. The creation of the NIHE is one of the best examples of a strategy for managing political conflict by the removal of contentious issues from the political arena through the use of quasi-governmental organizations. Indeed the trend of professionalizing policy through the use of quasi-governmental organizations is even more advanced in N. Ireland than elsewhere in the UK (Dunleavy 1982).

In N. Ireland housing policy, in the main, emerges from negotiation and discussion between the Executive, Department of the Environment (N. Ireland) and local authorities. The literature on intergovernmental relationships reminds us that such exchanges involve more than the constitutional and legal dimensions. It is clear that these are weighted in favour of the DoE (N. Ireland), but the Executive has a range of other resources including their housing expertise, size – 3,400 employees (relative to the departmental (DoE) housing section) – and the fact that NIHE is the principal deliverer of public housing services. The role of the board of the Executive, for example, in policy matters is one of considerable interest. Many board members, while formally appointed by the minister, owe their appointment to political considerations over which he has little control which affords them greater autonomy than might otherwise be the case. Indeed it provides them with an incentive to demonstrate their independence. DoE (N. Ireland) is also responsible for a range of other key environmental services, including planning, roads, water and sewerage. As a result a 'high degree of horizontal interdependence rooted in shared territorial interest' is apparent (Rhodes 1988, p. 284).

The simplistic but erroneous view is that the department is responsible for policy-formulation and the Executive for service delivery. This view ignores two complicating factors. First, on questions of housing, the department and the minister operate in a sensitive political arena and matters of detail easily become highly contentious (Poole 1982). Secondly, within the Executive there is the strongly held view that since a considerable amount of housing expertise lies within the organization, they should, and do, develop policies in housing which they advance both to the department and to the wider public. Staff in the Executive constantly argue that they are a 'comprehensive housing authority' with a responsibility for housing throughout N. Ireland. The result is that a clear role definition is difficult, with much negotiation and interplay taking place between the two organizations. In short there is a high degree of 'vertical interdependence based on shared service delivery responsibilities' (Rhodes 1988, p. 284).

Finally, councillors have a measure of influence on the housing policy decisions, and some councillors are well placed to exert considerable influence. The Housing Council is one mechanism through which changes in policy have emerged (Connolly 1983). Council members bring to bear on the policy process their rights

of access as provided by the legislation and their resources as elected councillors. They can generate political interest in issues and Executive officers do not relish unnecessary conflict with councillors.

However their skills at employing these resources appears to be a significant factor in determining the degree of influence they achieve. An important dimension is their style of approach. As one member of the council put it: 'There is a discipline in being in an advocacy role as one cannot barge about. Credibility is very important. You cannot go out on a limb making wild statements.' It has to be said that officers within the Executive feel that this is precisely what happens and that many council members are overtly interested in operational details and in making 'irresponsible' statements. Executive personnel on the whole are critical of councillors' contributions to the policy debate. However, the Executive recognizes that councillors are public representatives with a legitimate interest in the concerns of their constituents and access to the media, which might be helpful to NIHE on occasions. In general however, local councillors, though having more influence than they are willing to admit, are much less influential than elsewhere in the United Kingdom.

This mosaic of central government officials 'topocrats', the minister, non-departmental officials 'technocrats' and local councillors is characteristic of territorial networks. As Rhodes points out: 'Interests and membership are not restricted to central bureaucratic and political actors plus the topocratic professions but also include local political elites and the technocratic professions' (1988, p. 284). Clearly we would expect to find some tensions existing in the network. Some of these are due to differing political ideologies (Birrell 1981). And there have been other tensions (though not of the same degree) about appropriate roles and relationships, for example, between the department and the Executive and, within the Executive, between regions and the centre. In addition the three central actors interact with the other organizations in the network in varying ways. The relationship between private sector organizations on the one hand, and NIHE and DoE (N. Ireland) on the other, has on occasions been difficult. While these various agencies all have a sense of common purpose on housing in N. Ireland, one must be careful about ascribing to the network a degree of internal cohesion which is absent. We need to be reminded that in discussing the relationship between Westminster and the N. Ireland housing network, not everyone within that network will view central government initiatives in the same light.

However, we would suggest that the network is both integrated and exhibits stable relationships between its members. This is due, in part, to the dominance of the NIHE and DoE (N. Ireland). The size of N. Ireland means that key decision makers generally know each other, another feature of territorial communities in which 'informality characterizes both vertical and horizontal linkages' (Rhodes 1988, p. 284). It is therefore easy for information about issues to pass around. This facility tends to cement the network. There has also been a tradition that housing is a policy issue on which decisions are taken locally, partly because it was one of the matters for the devolved Stormont Parliament and one on which it was prepared to take a different line than the rest of the United Kingdom (Birrell and Murie

1980, pp. 164-6). While there is evidence that N. Ireland policies are closer to those in Britain since Direct Rule (Connolly 1983), N. Ireland civil servants are quite clear that housing remains a regional matter under the current constitutional arrangements (Connolly and McAlister 1988). Whether UK initiated housing policy can be resisted, modified or deflected in quite the same way now is something that we consider through the examination of comparative housing policy issues.

HOUSING POLICY - A COMPARATIVE PERSPECTIVE

Housing is a policy issue on which the Thatcher government had (through for example the 1980 Housing Act), and continued to have (Housing Act 1988, Local Government and Housing Act 1989) a very definite policy stance. The 1980 Act is seen as a watershed in housing:

The policies of the Thatcher Government, carried through in the 1980 Housing Act, represent a clear break with the past and a marked shift to the right. No previous Government has been so determined nor gone so far, to reduce public expenditure on housing, to reduce the size and role of the public sector, and to restrict the autonomy of local authorities in matters of housing policy (Malpass and Murie 1982, p. 55).

These general policy objectives have manifested themselves in specific programmes such as a reduction in public expenditure on housing and in public sector new builds, an increase in public sector rents and the expansion of the right to buy public-sector houses. In turn this has meant an expansion in private-sector housing and an increase in home ownership. The government have been successful in implementing these policies nationally.

In England during the ten year period 1979/80 to 1988/9 there has been a planned reduction in total housing expenditure from £7.9b. to £1.9b. in real terms - more than 75 per cent. The share of housing expenditure planned (in cash terms) for 1989/90 is £1.71b. of which local authorities will spend approximately 18 per cent with an increasing share, 53 per cent (£0.9m.), going to housing associations via the Housing Corporation (Government Expenditure Plans 1989, Cm. 621). This diminution in resources is indicative of the changing role of local authorities in housing from one of direct provider to an 'enabling role', ensuring the right conditions and support for others such as the private and voluntary sectors. Such a transition has been facilitated by the Housing Act 1988 which gives the Housing Corporation several new functions including the approval of new landlords taking part in 'Tenant's Choice'.

The pattern of housing stock has also changed significantly as a result of the 1980 'right to buy' legislation and the dramatic decrease in new housebuilding in the public sector. In 1980 approximately 56 per cent of housing stock in Great Britain was owner-occupied, by the middle of 1988 it had increased to almost 65 per cent with a corresponding decrease from 31 per cent to 25 per cent in local authority rented dwellings (Department of the Environment 1988).

Since 1979 some 750,000 dwellings have been bought under the 'right to buy' scheme and about 225,000 sales have taken place by agreement, normally with

property developers purchasing whole estates for re-sale. Following a peak year in 1982 in which over 200,000 homes were sold, sales declined to 110,000 in 1987/8 (Stoker 1988). Rising rents and declining subsidies complemented the council sales strategy. The average weekly local authority rent jumped from £8.18 in 1980-1 to £17.20 in 1987-8 (Government Expenditure Plans 1989, Cm. 609). At the same time public sector housing completions also declined. Following a peak of 204,000 in 1967 council new build in Great Britain dropped below 100,000 in 1981 and continued to fall steadily to the 30,000 figure recorded in 1988 (Boleat 1989). Reflecting upon the changes Spencer notes:

In a decade we have witnessed a complete reversal of the power relationship in the public housing service as between local government and central government. Power increasingly is held by the centre at the cost of erosion of local decision-making. The key impetus had been the Government's dramatic measures to both constrain and contain public sector spending on council housing in Britain (Spencer 1989, pp. 79-80).

Given the clear and definite policy stance of the government in housing one would expect to see this approach applied in N. Ireland as elsewhere in the United Kingdom. On the other hand the unique features of housing in N. Ireland suggest that if the territorial network wished to resist its implementation these might enable it to be successful. What therefore was the response of the local network to these radical housing initiatives? Three issues are considered, comparative housing expenditure, council rents and the house sales policy.

Housing expenditure. From the outset of the Housing Executive there was a commitment on the part of government to tackle the severe housing problems of N. Ireland. This was matched with 'adequate' financial resources illustrated by the chairman's comments in 1976:

So far availability of finance has not been a factor limiting the Executive's housing programme and indeed our problem to date has been an inability - for a number of reasons outside the Executive's direct control - to spend the money which the Government has made available for housing (NIHE Annual Report 1975/6).

The election of the Conservatives heralded a temporary change in the finances of NIHE. The years 1979/80 and 1980/1 were clearly difficult ones for the Executive. During the financial year 1979/80 cash limits were imposed by the Department of Environment (N. Ireland) on all revenue and capital budget headings for the first time. The housing capital budget was cut by over one-third and a moratorium on new projects declared in June 1980. This occurred as a result of a DoE (N. Ireland) directive and came after warnings about breaching cash limits. In fact in 1979/80, despite taking additional measures to reduce planned expenditure by £17 million in the later part of the year, the Executive did break the cash limits by 2.9 per cent, due to overspend in maintenance work, home loans and disturbance grants.

However, there was a reversal in NIHE's fortunes from 1982/3. This was signalled by the Prior (Secretary of State) package in January 1982, when out of a total

increase of £90 million in N. Ireland's public expenditure total for 1982/3 over the figures announced in the 1981 White Paper, £50 million went to housing (in cash terms). Housing was declared to be the government's main social priority, and each subsequent White Paper on public expenditure reiterated this up to January 1988 when it ceased to be the case (Connolly and McAlister 1988). As Chris Patten, minister responsible for housing in the Province between 1983-5 stated: 'In 1980-81 it was decided that housing should get number one priority among the social and environmental programmes and that accounts for the fact that we managed within N. Ireland to increase gross housing expenditure by over 20% in real terms since then' (Patten Sept./Oct. 1985). Housing finance peaked in 1985/6 and the Executive were required to reduce funding by £50m below the level planned for 1986/7. Even though a further £3m was made available to the Executive during 1986/7 a much reduced programme of housing activity was apparent. A similar pattern emerged for 1987/8 and 1988/9 with the progressive reduction (in real terms) in the level of government funding unaided by a reduced income from house sales, which the NIHE has been permitted to use in support of its programme, and an increasing loan-charge burden. Although housing no longer remains the social priority for the government in N. Ireland (strengthening the economy is the primary aim) there is clear evidence of variance with GB policy. Per capita government housing expenditure trends clearly show a widening gap between N. Ireland and England - see figure 2. The commentary on N. Ireland public expenditure plans notes:

Resulting from the place accorded to housing in the Government's public expenditure priorities for N. Ireland, *gross* (our emphasis) expenditure on all housing services has risen from around £325m. in 1980-81 to some £545m. in 1987-88, an increase of almost 68% in cash terms, and about 22% in real terms. Because of N. Ireland's greater relative housing needs, the Government's public expenditure allocations underlying these gross expenditure levels have since 1981 been proportionally higher than elsewhere in the United Kingdom (N. Ireland Commentary on Public Expenditure Plans 1988-89 to 1990-91, p. 57).

Figure 3 indicates the impact of this pattern of public expenditure on new builds. In the early 1970s a major programme of new building was undertaken to deal with large scale problems of unfit, aged stock and lack of maintenance. In 1971, for example, nearly 14,000 houses were completed in N. Ireland, a rate of 9.11 dwellings per 1,000 people compared with a rate of 6.38 in England and Wales. By 1978 the high level of new-build completions had produced a situation where according to the chairman of NIHE 'it can now be said that the housing problem outside Belfast, particularly in terms of greenfield sites, has largely been resolved' (NIHE Annual Report 1977/8). Efforts were subsequently directed towards house renovation, more effective modernization and improved maintenance of existing dwellings. The new social priority accorded to housing in 1981 by Secretary of State Prior, began to take visible effect with an increased level of public-sector completions in the 1983/4 period. Since then the role of the public sector in new-house building, as in other parts of the UK, has declined steadily, although not as significantly, with NIHE expected to assume a residual role in meeting the needs of housing applicants not catered for by the private or voluntary sectors.

FIGURE 2 *Per capita housing expenditure trends*

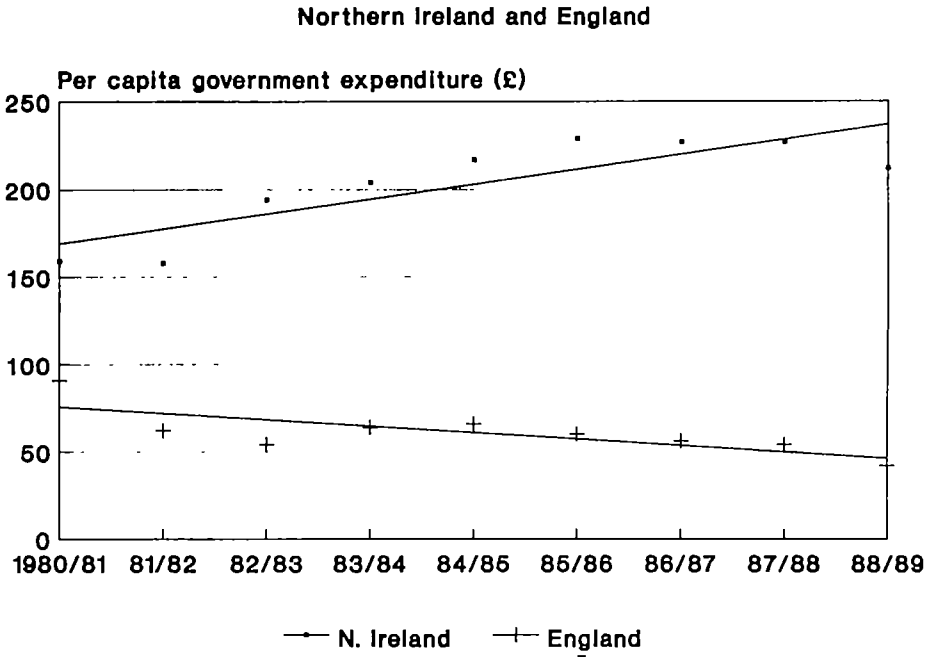
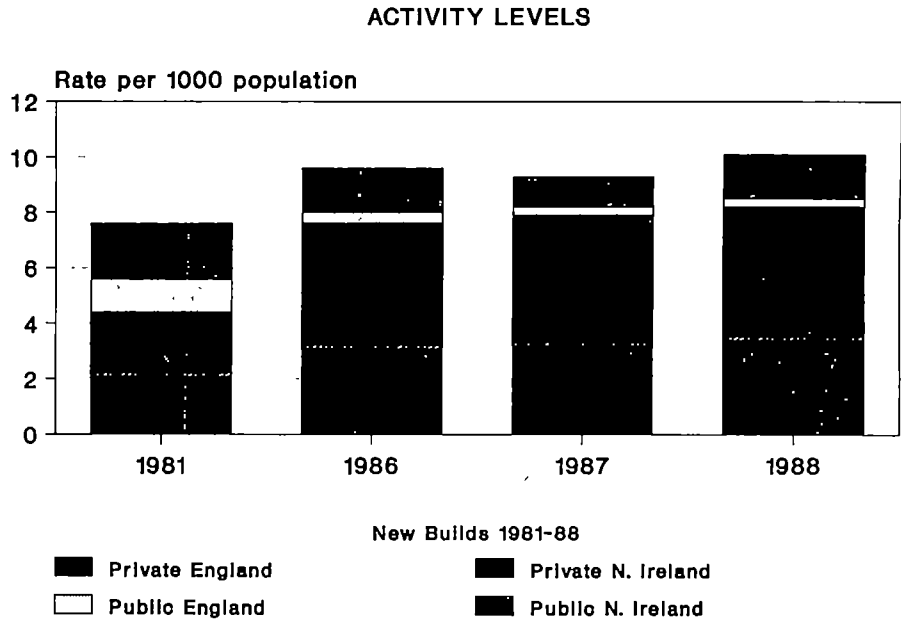


FIGURE 3 *New dwellings completed by sector*

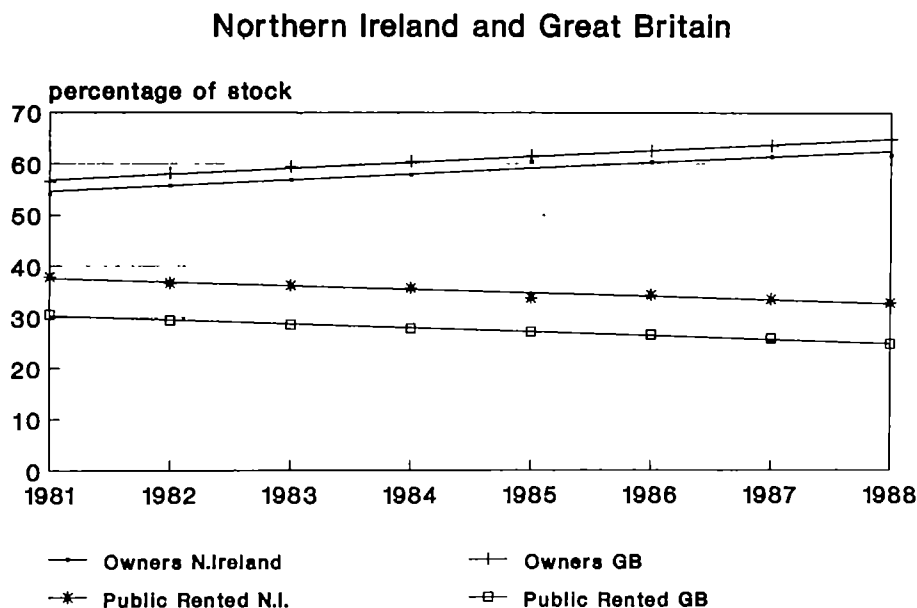


Rents in N. Ireland were traditionally low by comparison with the rest of the United Kingdom. The Housing Executive did not increase rents in the period 1971-5 and in April 1975 only then by an average of 60p per week. In the same period there were three increases for most GB tenants. The average public authority rent in N. Ireland before the increase was £1.85 against £3.31 in England and Wales and £2.49 in Scotland. By 1981 the NIHE Board and the minister were in conflict over the relatively large increases directed by the government. In 1980/1 for example rents increased by between 28-37 per cent, the largest increase in the history of the Executive and aroused much public protest and opposition. The board for a variety of reasons generally desires minimal rent increases and, on occasions, none at all. Ministers during the early 1980s were sensitive to central political pressures and while regretting the rent increases argued that they were necessary for reasons of equity, economy and efficiency and to fund the housing programme (Patten 1985).

TABLE 1 Public sector rents

	<i>N. Ireland</i>		<i>England & Wales</i>	
	(£)	% male earnings	(£)	% male earnings
1981	9.97	7.7	11.42	8.1
1982	12.16	8.6	13.50	8.7
1983	12.89	8.5	14.00	8.5
1984	13.54	8.2	14.71	8.2
1985	14.06	8.2	15.59	8.1
1986	14.78	8.1	16.41	7.9
1987	15.33	7.7	17.24	7.7
1988	18.18	9.6	18.74	8.7

The board disagreed, taking the view that the funding of the Executive's programme, and the level of rents, should not be related to each other, but determined according to the relevant social arguments and needs: 'It is the Board's strongly held view that, if all the resources required to fund its programme cannot be found from rents at their existing level and from the N. Ireland appropriation, then alternative sources of funding should be energetically pursued' (NIHE Annual Report, 1981/2). By 1983 rents were described as being 'within striking distance of average rents in England and Wales' (Weir 1983). Since then tenants have been required by the government to make a reasonable contribution towards the costs of their homes and an increasing proportion of the board's income is expected to come from rents. Increases in recent years (see table 1) have been broadly in line with rent rises in England and Wales. The NIHE Board is however concerned at the present levels of rent charges. In 1988/9 a rent increase of 9.2 per cent was set by government and a further increase of 10.25 per cent is being imposed for 1989/90. For the immediate future after 1990, 5 per cent above inflation has been indicated as the likely level of annual rent increase (NIHE Annual Report 1988/9).

FIGURE 4 *Housing tenure trends*

NIHE house sales have been particularly successful in N. Ireland. Prior to 1979 the majority of sales were labourers' cottages but between the period 1979 and 1988 the level of owner occupation increased from 52 per cent to 62 per cent (see figure 4). Key factors in this significant change were the high levels of new-build private dwellings and the sale of Housing Executive dwellings to sitting tenants. House sales peaked in 1981/2 at 7,402 but have declined steadily to an average of 3,120 each year – see table 2. In 1981 the NIHE chairman remarked that the board 'had been somewhat overwhelmed by the popularity and success of the sales scheme ... and take-up appears to be approximately four times as great proportionately as the rest of Great Britain' (NIHE Annual Report 1980/81). Such popularity the NIHE explained was due to three factors – the habit of thrift, widespread in a community which was both economically and politically unstable, the continuous rent increases being imposed by government, and the strong traditional feeling of Irish people wanting to be landowners. The success of the sales programme was also due in no small part to most of the principal building societies agreeing to commit funds in support of the Housing Executive's efforts particularly in Housing Action Areas. Moreover the willingness of the government to allow the proceeds of house sales to be reapplied for housing purposes has been particularly helpful to the N. Ireland Housing Executive.

TABLE 2 House sales

	N. Ireland		England & Wales	
	No.	% of public stock	No.	% of public stock
1981	6505	3.4	102825	1.6
1982	6199	3.3	201880	3.2
1983	5367	2.9	141615	2.3
1984	5665	3.1	104845	1.7
1985	4330	2.5	96405	1.6
1986	3660	2.1	93171	1.6
1987	2802	1.6	108497	1.9
1988	3000	1.75	166138	3

HOUSING POLICY DEVELOPMENTS AND THE POLICY NETWORK

It is clear that many of these developments are similar to Westminster initiatives. The house-sales policy/increase in owner occupation, (notwithstanding differences in use of capital receipts from NIHE house sales), levels of council house (housing executive) rents and reduction of public sector housing all suggest that N. Ireland took on board the central thrust of the Thatcher government's approach to housing policy.

It is also clear however that a diverging pattern emerged around 1981. After that date a significant increase in N. Ireland's public expenditure on housing occurred. Such a shift in policy prompted the NIHE chairman to thank the N. Ireland Secretary of State and his ministers 'for according to housing a degree of priority unparalleled elsewhere in the United Kingdom, and effectively shielding us from the most stringent effects of current Government housing policy' (NIHE Annual Report 1983/4). What factors caused this change and did the N. Ireland territorial community exert a major influence? There is always a danger in ascribing, *post hoc*, a coherent strategy to a group of actors but it is tempting to argue that key actors within the territorial community developed a strategy for challenging certain features of central government's approach to housing in N. Ireland. Such a strategy consisted of accepting key elements of that approach – in some cases, such as house sales, openly and warmly – and in others, such as rent increases, with reluctance and a symbolic display of public protest – while concentrating fire upon certain elements, in particular the cutback in public-sector housing expenditure.

There is evidence that a co-ordinated campaign against public-sector cutbacks in housing took place in N. Ireland. This involved local councils, the Housing Council and public representatives, with the board and senior officers of NIHE playing a key role, particularly in supplying information about the state of housing conditions (Brett 1985, p. 53). Senior members of the Executive, led by the chairman, conducted a campaign to make the public and their representatives,

including councillors, aware of the poor state of housing and to a considerable extent succeeded. In turn this enabled public representatives and interested groups, such as Shelter, to put pressure on the minister. As a member of the Housing Council said: 'We went to Stormont and argued that it was nonsense that the cutbacks were done in such a piecemeal way and that money was needed in N. Ireland. I cannot say whether it mattered all that much but it was one of the drips on the stone' (Connolly 1983). This individual was aware of the importance of co-ordination of tactics. 'We want to say approximately the same thing that others in the housing lobby are saying. We have got to have a concerted view.' This view was generated not merely through the formal channels but also by social meetings between key personnel within the territorial network.

Clearly the structure of the network was of value here. N. Ireland is a relatively small place, and influential individuals are liable to meet frequently in social as well as formal circumstances. In addition, the central role of the Housing Executive adds to the ease of co-ordination. For example, much of the analysis about housing problems in the Province which was utilized by various actors originated from the corporate planning department of NIHE. That in itself produced a degree of co-ordination in that there is almost (but not quite) a monopoly of information about housing conditions in N. Ireland.

In addition to the ability of the network to lobby effectively for changes, two factors influenced the development of housing in N. Ireland. One has already been alluded to, namely, the existence of sources of funds additional to public expenditure (house sales revenue), provided central government could be persuaded to allow the Executive to retain all or a substantial proportion of funds without a corresponding cutback in public expenditure. Singleton (1982) argued that house sales was agreed to by the Executive in order to woo funds from the government. Clearly however, the willingness of ministers to allow these funds to be used to the extent that they were – all monies generated from house sales are available to the Executive, but there is no carryover ability – suggests a prior political commitment. It is, after all, not unheard of for agencies to have their grants reduced if extra monies become available. As noted building societies had, and continue to have, a key role in that, because of the political violence in N. Ireland, a large element of the housing market could have represented an unacceptable financial risk. Senior members of the Executive therefore, devoted considerable efforts to persuading a number of building societies to take over some of the mortgages which NIHE advanced under its home loans scheme.

The second major influence on the development of housing policy was the successful plea of the territorial network for N. Ireland to be treated as a special case relative to the rest of the United Kingdom. This took the form of six key differences in N. Ireland housing which the board (NIHE Annual Report 1979/80) deemed as deserving of special treatment. Firstly, the phenomenal growth of nineteenth century Belfast resulted in a large number of pre-war houses which were still occupied, and all in urgent need of replacement or drastic modernization. Secondly, following on from this period of expansion there was almost no public sector new building in N. Ireland between the two wars in contrast to a huge

provision in Great Britain. Thirdly, as a result of these factors, unfitness levels as illustrated by house condition surveys compare badly with England and Wales. Fourthly, N. Ireland lagged behind the processes of slum clearance and renewal which took place in Great Britain in the late fifties, sixties and early seventies. Fifthly, the 'troubles' which resulted in polarized housing, intimidation and bombing contributed to the gravity of an already severe housing problem. Finally, over a long period, higher unemployment and lower average incomes had caused a greater dependence on publicly provided housing than elsewhere in the United Kingdom.

The territorial network stressed both the economic and political importance of housing in N. Ireland. Given the overall economic difficulties public expenditure on housing had important repercussions for the local community. In addition, while government recognized that attempting to solve the N. Ireland 'problem' through improved housing conditions was facile, there was an acceptance that it could 'have some impact on people's attitudes to the institutions of the State and the whole political process' (Patten 1985, p. 158) – the 'hearts and minds' argument. In short the lack of performance on housing had serious economic and political implications if left unchecked.

The NIHE chairman's comments summarized the territorial stance:

This [housing] policy, specially tailored to meet N. Ireland's particular problems, is based, first on the indisputably worse housing conditions here in comparison with most parts of Great Britain; second on the consideration that poor housing is plainly a material factor in the political and sectarian instability of the Province; and third, on the fact that housing work (whether new building or modernisation) generates substantial employment in areas where it is needed most. (NIHE Annual Report 1983/4).

Evidence of a territorial slant to national housing policy is not only apparent during the period under discussion but future changes in housing have received the attention of the Housing Executive. The growth of owner occupation and the private rented sector, the right to transfer landlords, the expanding role of housing associations, the reducing role of local authorities and the setting up of housing action trusts (HATS) as contained in the Housing Act of 1988 and the Local Government Act of 1989, have all been addressed by the NIHE in a discussion document *Housing in the 1990s* (1989).

A number of issues raised in the document illustrate possible areas of housing policy variance. The de-regulation of the private rented sector in Great Britain is not applicable to N. Ireland. Indeed from 1956 the N. Ireland private rented sector has been deregulated since all lettings are outside the scope of the Rent Order. In spite of these arrangements the N. Ireland private rented sector has declined from 27 per cent of dwellings in 1966 to 5 per cent in 1987 (NIHE 1989, p. 7).

The new role envisaged for the Housing Associations as both alternative providers and managers of social housing in Great Britain is less applicable in N. Ireland. There are 47 registered Housing Associations in N. Ireland (2,600 in Great Britain) responsible for a stock of 7,500 (600,000 in Great Britain) which concentrate on 'special needs' housing (NIHE 1989, p. 11). Voluntary housing associations are not

in a position to take on the enhanced role required of their English counterparts.

Given the absence of a private rented sector in N. Ireland, the limitations and small scale of housing associations and the dominant role of the Housing Executive which acts as a comprehensive housing authority (provider and landlord), the argument is not for a diminution of the public sector in N. Ireland but its continuance. The Housing Executive conclude:

- (i) The Executive should remain an agent of direct provision in the housing market
- (ii) Public expenditure on housing should be maintained at an adequate level to satisfy the social housing needs of the Province (NIHE 1989, p. 15).

Following on from suggestions that few alternative landlords exist in N. Ireland the Executive query the applicability of tenant's choice provisions. 'It is considered that the right to transfer may not be appropriate or indeed necessary in N. Ireland' (NIHE 1989, p. 16). Equally proposals to set up housing action trusts as a means of tackling run-down areas of council housing is regarded as superfluous in N. Ireland where the Executive already has a mechanism for dealing with such problems. The NI Secretary of State announcing proposals, in May 1990, for new housing legislation accepted the Executive's thinking on the issue by deciding not to introduce tenants' choice, assured tenancies or housing action trusts as they were 'not appropriate' to the housing situation in N. Ireland.

CONCLUSION

This overview of N. Ireland housing policy, past and present, suggests a distinctive approach to the implementation of centrally determined policies in which the territorial community can influence, alter, acquiesce in or stymie UK-wide initiatives. As Rhodes suggests: 'Territorial communities... can and do inject a territorial component into UK government which involves both distinct administrative and substantive policy variations' (1988, p. 285). Faced with severe economic, social, political, sectarian and housing problems which characterized N. Ireland in the early '80s (and to some extent still do), a rigid application of national policies would have been inappropriate. Add to this scenario an integrated stable territorial community and housing policy variance is inevitable. As Rhodes further notes: 'Policy in N. Ireland did not follow UK policies step by step. The mainland's financial inducements to tango prompted the prospective partner to do the quickstep' (1988, p. 285). With the introduction of much more radical policies for housing and the NIHE already pleading exceptional circumstances on some issues, the interesting question for the future is to what extent can new housing initiatives be applied in the context of N. Ireland?

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THE COMPUTERIZATION OF SOCIAL SECURITY: THE WAY FORWARD OR A STEP BACKWARDS?

HELEN MARGETTS

The Department of Social Security is one of the largest government departments, consuming 30 per cent of public spending and employing around 10 per cent of central government staff. Before 1980 there were no computers in its local administrative centres. The Operational Strategy was a plan to change this, involving the construction of large-scale computer systems and the installation of 40,000 terminals in 1,000 local offices and unemployment offices. It is the largest programme of computerization ever undertaken in Europe. Full national coverage is expected in 1991. But the project has been plagued with problems: costs have soared from £700m. to £2,000m. and rising, planned savings have fallen, expected benefits seem unlikely to be achieved and implementation errors have caught the public eye. What caused these problems and are they as serious as reports in the press might lead the public to believe? Computerization has the potential to make possible many far reaching changes to administrative functions and working practices. It is important to study the decisional implications of these changes before the computers themselves become embedded in the structure of the organization.

INTRODUCTION

The Operational Strategy is a plan to computerize the Social Security Benefits system in its entirety. It involves the construction of a series of large scale, centralized computer systems to be linked up with 40,000 microcomputers to be installed in local DSS offices. Apart from the enormous scale of the project, it is especially interesting because it represents an attempt to introduce computers into the heart of a large government organization for the first time. The widespread introduction of information technology into public and private bureaucracy is probably one of the most significant changes since literacy became widespread. It seems important to understand the effects that this change will have on the administration of public organizations.

The literature of technological innovation, bureaucratic change and their inter-relationship has been described by Laudon as 'vast and confused', and that was

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in 1974. Furthermore, Kraemer and King (1986) point out that while great speculation exists about the effects which computerization *will* have on organizations, considerably less empirical research exists about the effects which computing *does have*. Such research that does exist has tended to concentrate on the private sector. Part of the problem is that academic researchers in public administration tend, like some of the practitioners, to know little about information technology. Experts on information technology are inclined to ignore the public sector, perhaps because of its reputation for being technologically backward. This essay attempts to remedy this deficiency by looking at one particular computerization project, the Operational Strategy, and combining this with some public sector research that is available to question some widely held assumptions about the future of information technology and public administration. The technical aspects of the Strategy have been covered by Dyerson and Roper (1990) as part of a wider research project on technological change processes in financial services organizations. This is an exploratory study looking at the decisional implications for public administration and as such breaks new ground.

BACKGROUND

The DSS introduced the use of computers for social security tasks in 1959. From that time onwards the department developed huge systems in batch mode. Batch systems hold data centrally which can only be read via the printing of reports, as opposed to on-line systems in which data can be viewed or updated instantaneously from computer terminals. These systems were held in central offices in Newcastle, North Fylde and Livingstone, and updated from information sent on paper from local DSS Offices. They were benefit-specific; that is, separate systems existed for Child Benefit, Supplementary Benefit, Pensions and other allowances. By 1980 the department had become the largest and most experienced user of information technology in government service in Great Britain (Avgerou 1989).

The DSS is notable for the extent to which it exercises central control. The mainframe, batch processing technology available in the 1960s and the 1970s appears to have been appropriate for centralized organization and in the DSS computer systems were adjusted to the existing structure to become important components of its functioning. Since they were not intended to cause changes in the structure of the organization they succeeded in their role of carrying out routine operations. Up to the introduction of the Operational Strategy projects, the computerization of DHSS tasks had not provoked any major disputes between the management and staff of the department. Although no study assessing the efficiency achieved by these systems has been found, the size of the work they performed daily was impressive (Avgerou 1989). The Unemployment Benefit system was designed for a load of half a million people yet expanded successfully to cope with more than three million during peaks in unemployment. Moreover, it repaid its initial cost and gave considerable return (DHSS 1984).

However, the existence of large but benefit-specific computer systems, the intermingling of manual and automatic processes and the absence of any computerized links between central and local offices meant that by 1980, as the

Operational Strategy Review politely noted, DHSS operations had become 'heterogenous and relatively uncoordinated'. Claimants were dissected into 'social slices' by the fragmented nature of the benefits system (O'Higgins 1984). Personal data on individual clients were held, on average, in five different places. In 1980 the use of computer systems to unify the benefit system in its entirety was planned for the first time.

THE OPERATIONAL STRATEGY: CONCEPTION AND OBJECTIVES

The initial case for the computerization of local offices and a restructuring of the systems that already existed was laid out in a Green Paper, 'A Strategy for Social Security Operations', in 1980. The rationale for computerizing local offices seemed clear. Supplementary benefits were governed by particularly complex conditions and exceptions, which required considerable working knowledge of rules and regulations and frequent adjudication (DHSS 1982). The offices were organized on a benefit-by-benefit basis, contributory benefits and supplementary benefits 'being catered for at different counters, with little overlap of staff expertise' (Dyerson and Roper 1990). Contributory benefit sections were further divided into separate groups dealing with incapacity benefits, pensions, contributions and disablement benefit. This meant that at no point in their dealings with the DSS were claimants treated as 'whole people', but only according to the benefit being claimed. A person who wished to obtain a number of different benefits was required to make a separate claim for each, often at different offices. Claims were analysed, assessed and awarded with no attempt made to integrate them.

There were numerous other inadequacies in the system. There was a profusion of non-standard forms; 8,000 internal and 12,000 external (Dyerson and Roper 1990). Data transfer relied on paper shifting by administrative assistants; linking letters to casepapers, retrieving documents or filing them (DHSS 1982). Casepapers were often lost in their travels from one part of a local office to another or between the DE and the DSS. Error rates were high (DHSS 1982).

The business objectives of the strategy were set out in 'Social Security Operational Strategy; A framework for the Future' in 1982. These were in short, reduction in cost and increase in quality of service and job satisfaction.

Economy and efficiency

Computers were to improve operational efficiency and increase the flexibility of the operational system to respond to changing requirements. Efficiency was defined as the ratio between administrative costs (i.e. input) and the number of work units produced within a regular period of work (i.e. output). A minimum requirement of the Strategy was that there must be reduction in input combined with maintenance of the existing overall level of output (DSS 1988).

In 1982, the department, with substantial assistance from Software Sciences and Logica, estimated the total costs at £713 million (at 1987 prices using Gross Domestic Product Deflator) and the total savings (to 1998-9) at £1,628 million. This meant that the net savings were to be £915 million. Most of the savings were to be made from reductions in staff; these estimates allowed for staff savings of 20,000 people.

Job satisfaction

Computers in local offices were to modernize and improve the work of social security staff. They would facilitate access to modern efficient computer systems for comprehensive entitlement information, automation of repetitive and routine tasks inappropriate to skill levels within the workforce, and more appropriate matching of skills and jobs (DSS 1988).

Quality

Computerization of administrative processes was to improve the quality of service and provision of information to the public. The principal way in which this aim was to be achieved was by treating customers in a less compartmentalized benefit-by-benefit manner and more as 'whole persons' with a range of possible social security business. The merging of the tax and social security computer systems is mentioned as a possibility in both the introductory documents. The principle of offering customers a comprehensive service over the whole range of social security business was 'enshrined in the strategy objectives' (DSS 1988).

It was originally envisaged that this would be achieved via the following:

- one claim would lead to the payment of all benefits
- advice about all benefits would be available at a single point, during a single interview
- a change in circumstances of the claimant reported on one benefit would update information held on all benefits.

THE OPERATIONAL STRATEGY: PROPOSALS

Fourteen projects made up the Operational Strategy. The new system was to be centred on a database, held in Newcastle, maintaining a central index of claimants and all details of long-term benefits. One record only was to be kept here for every person living in the UK. It was considered, however, that a totally centralized computer-based system would create immense difficulties. These included its technical size and complexity, the very heavy communications and transaction loads, the highly complex software required and the serious threat to the whole social security system in the event of major computer/system failure. It would also leave the system more vulnerable to disruption by industrial relations conflicts. On the other hand there were problems with any decentralized system. Dispersal of main computing sources to over 1,000 local offices would have incurred higher capital and running costs, required advanced, previously untested micro-computer facilities and created problems keeping software uniform and up to date.

The proposed solution to the problems of both centralization and decentralization was a compromise three-tier structure. While Newcastle would continue as the key computer centre maintaining the General Index, North Fylde and Livingstone would remain as area computer centres. To hold further details on each claimant in their own areas new area centres would be created and computerized. Central database records held on-line at Newcastle would be referenced and updated from area centres and by 40,000 terminals in 1,000 local DHSS and DE offices.

The Operational Strategy proposals put forward a modular approach which permitted autonomous development of the 14 proposed computerization schemes

over 15 years. This showed a 'credible awareness of difficulties' (Willcocks 1987). They recognized the need for flexibility in the light of possible newer technology. As O'Higgins pointed out in 1984, 'the technical line of development proposed in the strategy seemed eminently reasonable'. All the aims of the Strategy; reductions in administrative costs, increases in job satisfaction and improvements in quality of service feature widely in managerial intent for computerization. The literature on computerization suggests that all are possible outcomes (for example Child 1984). All provided excellent justification for a large-scale computer project. Extensive work was carried out to ensure that the estimates of costs and savings were not over optimistic. So, ten years later, how far have these objectives been achieved?

OPERATIONAL STRATEGY: DEVELOPMENT AND IMPLEMENTATION

Work carried out on the strategy falls into three stages. The planning and design phase lasted from 1982 until June 1985. These have been designated by Dyerson and Roper 'the endless planning years' and at the Public Accounts Committee (PAC) in 1984, concern was raised at the apparent lack of control by department managers over the programme's progress. In 1985 the government announced its plans for the reform of social security in a two-volume Green Paper. This had far-reaching implications for the systems in the strategy and new plans had to be made to account for the subsequent restructuring of benefits. The third stage started in 1987 when it became clear that many of the projects had slipped behind their original target dates. However, that year Eric Caines took over as Director of Social Security Operations and under his direction the department resolved that no further delays would be tolerated. The speed of implementation after 1987 was fast and furious, and subsequent target dates for individual projects were largely met.

However, in January 1989 an unusually critical report from the National Audit Office on the Operational Strategy brought the project into the public and parliamentary eye. The report found that slippage had occurred on all the main projects during their development, 'but to recover time lost and to ensure delivery of the systems at the earliest opportunity the department had deferred low priority functions; postponed less important projects indefinitely; employed an increasing number of consultants; and made extensive use of overtime.' They pointed to several weaknesses in control of the Operational Strategy including an ineffective management structure, poor control over system design and development and a lack of appropriate review and monitoring procedures.

BROAD INDICATORS OF PERFORMANCE

The NAO report, evidence given to the Public Accounts Committee in 1989 and the qualification of the Social Security Benefits Account in both 1989 and 1990 prompts a questioning of Tony Newton's assertion that 'the Strategy is coming good' (RIPA 1989). Full national coverage of the two most important systems, one for income support and one for pensions, is expected in 1991. As implementation is not complete, no full evaluation can be made. However, some broad indicators of performance against each of the original objectives can be measured.

Economy

The principal area of savings was to be within the main assessment sections in Local Offices. As the DSS's own Pilot Evaluation Report (DSS 1989) states, 'some managers are expressing doubt as to whether targets are wholly realistic even given a properly functioning system. It is difficult to reach a firm conclusion until all upgrades are implemented and are stabilised.' While proposing staff cuts in some of the offices monitored, such as Glasgow, a report delivered to the DSS's RD4 division in January, 1990, recommended that other offices, such as Crosby, should increase their numbers of staff.

The costs of the project have risen from the proposed £700m. to £2,000m. (and are still rising). Between 1982, when the first broad estimates were made and 1988, the estimated costs of the Strategy rose from £713 million to £1,749 million in real terms (an increase of 145 per cent) (NAO 1989). The net savings fell from £915 million to £414 million in real terms (a fall of 55 per cent). The achievement of the net 1989 value of £175 million depends crucially on the level of staff savings to be achieved. A 17 per cent shortfall in the estimate could reduce that value to nil and put the financial viability of the Strategy at risk (NAO 1989).

Local offices are asked to achieve the staff savings designated for their office within six months of implementation of the Income Support and Pensions systems. The NAO found that 'from the outset the department aimed to avoid compulsory redundancies and to absorb savings through natural wastage' (NAO 1989). However, by early 1988 it became clear that because of increases in necessary projected savings and regional variations in wastage rates, other options such as transferring staff voluntarily to offices with staff shortages or transferring work to areas with likely staff surpluses would have to be considered. Eventually a policy of no compulsory redundancies was proposed provided that 'the unions co-operate fully with the delivery of the strategy' (PAC 1989). More recently, Dyerson and Roper (1990) have observed, the line between compulsory and voluntary redundancies has become more blurred, with the department considering compulsory transfers to other DSS offices and government departments. The cost of such actions is estimated at between £12 million and £35 million which the DSS made no allowance for in its estimates (PAC 1989).

Efficiency

The ratio of work received to work processed for Income Support has remained fairly constant; 'manpower requirements for assessment have not decreased to any noticeable degree as compared with clerical methods' (Pilot Evaluation Report, DSS 1989). For the pension system, there has been 'good indication of reduced unit costs to levels below the baseline which begins to augur well for the relatively small level of savings to be achieved in Local Offices'. However, much of the work on retirement pensions previously carried out centrally has been devolved to local offices and this may absorb some of the potential for savings.

Job satisfaction

Dyerson and Roper suggest that 'job satisfaction in the short run has increased

because new skills are being acquired and the refurbishment of the offices has improved the work environment', but long-term effects look more problematic. A 1988 DSS report on job design concluded that a wider flatter hierarchy would result from implementation, with most duties transferred to the clerical officer (LOII) level. It is now widely perceived that this and other assumptions made in the report were mistaken. Furthermore, the tasks undertaken by LOII's appear to have become more rather than less routine: 'Rather than being liberated from calculation in order to spend more time with clients, LOII's felt that they had become mere text inputters' (Dyerson and Roper 1990).

The DSS Pilot Evaluation report (DSS 1989) states that

as far as job design and organisation is concerned, it is still early days. . . . There has been very little time for LO management to give in depth consideration to broad organisational issues and it would therefore be unrealistic to expect pilot offices to have identified their optimal post-implementation set-up at this stage.

However, given that increased job satisfaction for local office staff was one of the primary objectives of the strategy, this might have been considered a major priority before this stage in implementation. As Dyerson and Roper (1990) point out, 'job satisfaction must be built into the strategy; it is not an inevitable by-product of computerisation.' The establishment of a Job Design and Organisation Unit within the Regional Organisation suggests that the DSS realize this, but while the National Union of Civil and Public Servants (NUCPS) commends the commitment of the unit they point out that its work has been severely hampered by the department's overriding need to achieve the planned staff savings. To some extent job design has become orientated towards this end rather than the creation of more interesting jobs.

Quality

The service has improved in some ways. For example claimants do not have to wait while casepapers are found. However, most of the smaller projects that have disappeared from the plans were those that were to enhance the service to claimants, for example VDU screens for claimants to work out their own entitlement before official assessment.

The accuracy of the new systems has been cause for public concern. Problems with software handling the Social Fund caused the Comptroller and Auditor General to qualify the 1988-9 account. One problem included a £200,000 shortfall in the system's £1.6 million calculation. In October, 1990, the accounts for the 1989-90 financial year were again questioned after the head of the National Audit Office estimated that one in seven income support claims and one in five claims for family credit were miscalculated (*Independent* 27 Oct. 1990).

The 'whole person concept' was always open to a wide number of interpretations, ranging from an objective of computer systems design (DSS 1982) to a 'key plank in policy formulation' (Burgess and Clinton 1989). Adler and Sainsbury (1990b) point out that 'in spite of numerous rhetorical references to the 'whole person concept', the Operational Strategy document contained little evidence that

much thought had been given to what this might mean'. Adler and Sainsbury (1990a) have also produced a two volume report funded by the DSS on the whole person concept but this takes the form of a survey of opinions as to what the most desirable organization of local offices would be, and cannot be used for evaluative purposes.

It is clear, however, that the main elements of LOP, the Income Support system (ISCS) and the Pension System (PSCS) have been developed and implemented independently and there are few links between them. The claimant is treated as a 'whole person' on arrival at a local office, where initial information is given (sometimes from a VDU) at a single reception point, but processing is still carried out in separate areas depending on the benefit being claimed. Staff within local offices still deal with one particular benefit and there are no plans to train general benefit advisers in local offices. Claimants are not necessarily notified of other possible claims that they might make.

Robustness

Although unstated, that the system should work was presumably an implicit objective of the plans for computerization. The speed of implementation after 1987 undoubtedly caused numerous and major errors in the early stages. In February 1990 the weekly average number of faults officially reported averaged 80 per week. One office had logged 1,860 faults up to 5 March 1990 (NUCPS 1990). However, such errors can be expected to decrease as the system becomes more stable.

SUCCESS OR FAILURE?

The size of the task undertaken must not be underestimated; it is thought to be the largest civil computing project ever undertaken in the world. One might have expected that the costs would rise above those planned; this is a well-known feature of large-scale computer projects. Implementation errors are not restricted to the public sector, for example a major bank made an overpayment of £2 million that cannot be recovered (*Computer Weekly* 22 March 1990). Many of the errors that can be identified now will be removed in the next two years. The system is being *used*, which after all is the primary purpose, before all stated objectives, of a computer system. The users are almost unanimous in saying that they would not want to go back to the old manual systems (Dyerson and Roper 1990). When the rollouts currently in progress are complete there will be terminals in all local offices and this is a significant change to have made.

However, the newly modern appearance of the back rooms of local offices has been achieved at considerable cost. As the broad measurement of the objectives outlined above reveals, few of the other expected benefits have materialized.

CAUSES FOR CONCERN

The original proposal, 'A Strategy for Social Security Operations', published in 1980 but on which work had started under the previous Labour government in 1977, appeared to assume that reductions in cost and increases in service and staff satisfaction could all be achieved without acknowledging possible tension between

them. A foreword by Patrick Jenkin, however, warns that 'we shall, as time goes on, have to make choices, trading off objectives like improved service to the public and greater job satisfaction for the staff against each other and against resource costs.' It appears that such choices were indeed made. Since 1987 one objective has been given priority; that the Strategy should be implemented as quickly as possible to achieve the planned staff savings. But given the improbability of such savings ever being achieved, what was the point in finishing on time? The spiralling costs of the project mean that DSS management have failed to achieve the objective to which they gave the highest priority. What follows is an attempt to identify some of the sources of the problems that contributed to such a result and a consideration of their implications.

Skills shortages

The Operational Strategy has struggled with staff turnover rates of 45 per cent (*Computer Weekly* 22 March 1990). Shortage of information technology staff is not only a problem for governmental organizations. It has been described by the trade union MSF as 'the most important single issue inhibiting the UK IT industry'. The situation in the future will be acutely aggravated by the demographic pattern.

The Trade and Industry Committee in 1989 stated that 'the best solution to the worsening IT skill shortage is increased in-service training.' One witness spoke of the 'terrible legacy of apathy' about training in the Information Technology user sector in the UK. In the civil service unions' response to the Trade and Industry Committee's first report on IT, a series of recommendations were made for the recruitment, training and retention of IT staff within the civil service. For example, ring-fenced training budgets which are planned to be adequate in advance and cannot be cashed in and traded in for paying for consultants, as at present. These proposals, along with most of the 52 recommendations made by the Trade and Industry Committee in the *First Report on Information Technology* were largely ignored by the government.

Use of consultants

In fact, the DSS dealt with the problems of skills shortages almost exclusively via the use of consultants. At the outset, the department planned on the basis that their own staff would undertake most of the computer development work and that outside consultants would supplement this as required. However, consultants were involved right from the start. The three main firms involved in the development of LOP were Arthur Anderson, CAP and Computer Sciences Corporation (CSC). In April 1984 the major tender for the development of the system software went to a consortium made of ICL, Logica and the universities: Imperial College, London, Lancaster and Surrey. In November 1984 the government rejected a plan proposed by the PAC to overcome data processing skill shortages through special treatment for computer staff (*Computing* 29 Nov. 1984). In 1986-7, the department employed around 150 consultants at a cost of £12.1 million.

After 1987 when Caines took over, the number of consultants used on the project increased significantly. Half the internal programmers working on the project were

moved to other areas because they were seen as a strike risk. This eroded the skills base that had started to build up at the development centre in Lytham. CSC were dismissed and Arthur Anderson became the principal consultants used. Price Waterhouse were employed to recalculate the projected savings of the project. In 1989 the entire Livingstone Computer Centre was contracted out to EDS, a non-unionized firm, for a preliminary period of five years, after three firms had been invited to tender. A memorandum from John Moore, then Secretary of State, said the decision was part of his programme for 'making my department's computer installations less vulnerable to disruption from industrial action' (*Guardian* 20 Sept. 1989). The price of the EDS bid was £15m., less than those of the other firms but half a million more than an in-house bid. There are similar plans for Norcross, the area computer centre in North Fylde, although in this case the tender was awarded without competition. The number of consultants employed in 1987-8 was 235, at a cost of £22 million, nearly five times the cost of equivalent in-house staff (NAO 1989).

This is in line with a wider trend in government computing; in 1987-8, approximately one-third of the government's IT staff costs was spent on external support (Trade and Industry Committee 1989). This undoubtedly contributed to the spiralling costs of the project. However, further problems arise from the use of consultants.

For example, the director of the Strategy is quoted as saying 'The strategy is a partnership of government and industry' (*Computer Weekly* 18 Dec. 1986). There is little evidence to suggest, however, that the expertise gained in the private sector is actually being transported to the public sector. Rather it appears that it is used as a method of ensuring that private sector professionals become involved in long-term, financially remunerative, relationships with government departments. For example, when the DHSS commissioned an internal report on the scope for competitive tendering including computer services (Luxton report 1988), it recognized that to place the NHS superannuation project into private hands would be to create a monopoly which would be difficult for anyone else in the civil service as elsewhere to tender for at any future stage (Trade and Industry Committee 1989). In the other direction, Iliff (1987) suggests that for consultants to be used successfully they must 'get under the skin of the corporate culture.' It is unlikely that private sector consultancy and computer firms are at home with the political environment like the DSS, especially if, as some sources suggest, they have been discouraged from employing ex-DSS staff.

Industrial relations

The heavy use of external consultants was responsible in part for staff resistance to the strategy. The removal of half the internal programmers from the project in 1987 undoubtedly weakened the morale of the remaining staff. For the first time, industrial action among information technology development staff emerged as a significant cause of delay. On five of the main projects 16 per cent of the time of development staff in post had been lost. The 1989 NAO report tells us 'the NAO recognise that delays in development and cost increases were due in part to factors

such as industrial action which were outside the Department's control.' But were they? The DSS experience seems to illustrate that the quality of personnel policies and industrial relations can have enormous impact on whether or not information technology is implemented successfully.

Throughout the strategy, the mechanisms for consultation have been there, but the main unions involved, the National Union of Civil and Public Servants (NUCPS) and the Civil and Public Servants Association (CPSA), feel that they have been 'told things' rather than consulted and that their impact has been minimal. This is in spite of evidence to suggest a basically positive attitude to technology. The report delivered to the DSS's RD4 Research Division in January 1990 stated that the shortcomings of the system had led to a lack of confidence but dispelled senior DSS management claims that local office staff were hostile to computerization; 'on the contrary they are very enthusiastic about it'. Senior management appear to have acted with potential resistance from the unions in mind, for example by building into the system the capability to switch work rapidly between area centres, rather than taken account of their views or recommendations. Perhaps resistance should not be seen merely as a problem to be solved so that the original system can then be installed as intended. Resistance can be used more positively in systems development; it provides a clue to what is going wrong and what can be done about it (Willcocks 1987).

User involvement

The NAO review in 1989 considered that users were still uncertain of their responsibilities, their input to projects was not as well organized as it should be, they were not sufficiently questioning and they lacked an efficient coordinated user voice. No real progress had been made in the production of a user guide and the provision of training specifically aimed at users, both important (and obvious) recommendations made by Internal Audit. The department has been undertaking an extensive period of testing in a user environment from early 1988 and training programmes have been introduced. However, in 1989 the NAO considered that 'there must be some risk that projects shortly to be implemented may not adequately reflect the requirements of users.' Bearing in mind the NAO's predilection to phrase criticisms optimistically this must be seen as a reasonably serious problem.

This has had implications for the ability of the systems to carry out the functions they were intended to perform. The functionality of a computer system depends crucially on the extent to which the systems design involved understanding the work processes involved. Although senior users were recruited to a plethora of user committees and project steering groups involved in planning the Strategy, users below higher executive officer level were not involved until implementation began in 1987. An illustrative example of the problems caused by the lack of low-level user involvement in systems design is the lack of a 'notepad' facility. Casepapers contain a form on which all details of telephone calls or visits from the claimant are kept and which is regularly referred to; there is no equivalent method of recording such information on the new computer system.

The separation of policy making and information technology

To some extent there is an unavoidable split between policy and administrative decisions. It is neither politically acceptable for technology to dictate policy, nor financially feasible for policy to be made independent of the administrative apparatus available. The Trade and Industry Committee concluded in 1989 that 'the most effective users of Information Technology are those where the board has a strategy for the company and an IT strategy which flows from that.' They also recorded a comment from DTI officials; 'the commitment of senior management and by that one does not mean senior data processing managers but the top managers of an organisation – is crucial to the effective implementation of Information Technology'. Obviously these preconditions for success will always be difficult to achieve in a government organization where policy is decided by elected representatives and administration carried out by appointed officials.

Yet during the Operational Strategy the policy and management domains seemed in some ways to be unnecessarily divided. The social security reforms of 1985–8 had far-reaching effects on the project. Little development work had taken place on the main projects at the time the social security reforms were introduced, but the changes meant that project plans had to be altered within a relatively brief period of two years up to April 1988. According to many sources those involved in planning the Operational Strategy were not consulted until the Green Paper was published. Eric Caines indicated at the Public Accounts Committee in 1989 that the urgency of modifying supplementary benefit software to income support software in time for the introduction of the new benefit gave rise to many of the problems experienced; 'It had to be rewritten in a great hurry to hit the April 1988 start date.' Many of the smaller projects, largely those designed to improve quality of service, were dropped from the plans. It does appear that a rules-based benefit such as income support was easier to computerize than supplementary benefit which was (partly) discretionary. However, the lack of consultation gives cause for concern.

This lack seems almost welcomed by some of the department's officials. The junior social security minister is quoted as having 'stressed that the strategy was about operations, not about the benefit system itself' (DHSS 1983). As O'Higgins warned in 1984, the overall tone of the Operational Strategy was aimed at how best to run the administrative machine, given the policy inheritance, rather than how to serve the public or effect an anti-poverty policy. There seems to be no systematic link between operational systems and the production of data for planning. In contrast, German local health funds – even though they have the restriction to use systems planned and designed centrally – link the use of benefit systems with policy concerns, and have developed a strategy for attracting more customers by improving service quality (Avgerou 1989).

While those in charge of administration appear unconcerned with policy issues, it also seems that politicians are reluctant to equip themselves with an understanding of information technology. As the Trade and Industry Committee pointed out in 1989, most government departments now have an information technology strategy committee. In no cases do ministers attend these meetings. The committee suggested that although these committees could be classified as civil service rather

than ministerial, 'the absence of Ministers from their meetings shows either that ministers are not as closely involved in running their departments as might be expected or that they do not attach high priority to the use of Information Technology' (Trade and Industry Committee 1989).

This problem may well become increasingly important. The establishment of the technological base can open policy windows previously closed (Farbey *et al.* 1987). For example in his budget speech in March 1985 the Chancellor of the Exchequer, Nigel Lawson, specifically mentioned the coming computerization of PAYE as providing an opportunity for reform of the tax system and the possibility of closer integration with the social security system. But there is little evidence that the design of the Inland Revenue or DSS systems will facilitate this to the extent that those in the policy domain believe.

SUMMARY SO FAR: THE ISOLATION OF INFORMATION TECHNOLOGY?

The Operational Strategy was the first attempt to introduce computers to the heart of the DSS, by incorporating their use in all aspects of the department's work. All the above mentioned problems encountered seem to point to one major feature of the department's use of information technology. While succeeding in bringing the computers themselves to the heart of the organization, all expertise in information technology has been kept firmly on the periphery. While much of the design and specification of the system has been carried out by consultants, those with experience of actually using the DSS administrative systems were relatively excluded. The resistance of DSS management to the training of in-house staff means that integration of information technology into management, improvement of information technology project management skills and the overcoming of shortages in information technology specialist staff may never happen. If no objectives have been achieved, save that most projects have been completed on time, would it not have been better to spend ten years developing in-house computer expertise to enable the DSS to carry out the project without developing such a heavy reliance on consultants?

Further marginalization of computer expertise has seemed likely after April 1990 when the creation of the DSS's Information Technology Services Agency (ITSA) was announced. All the DSS's information technology staff will be moved to ITSA, deepening the division between IT and clerical staff. The ITSA framework document proposes an efficiency related bonus for all staff and merit payments for programmers and other junior staff. The annual budget of ITSA will be around £400m. In April 1991, the Benefits Agency and Contributions Agency will also be set up. The Benefits Agency will consist of all personnel currently under social security operations, excluding information technology staff, and the Contributions Agency will consist of all staff who work on NI contributions. The management of ITSA are proud that in the future their worth can be measured by the competitiveness of the computer consultancy market. If the Contributions Agency or the Benefits Agency are dissatisfied with the service they get they can go elsewhere. However, it is far easier for users of computer services to define what they want when they possess an understanding of what is possible. If all technological expertise has been

moved to the periphery of the organization, it seems unlikely that the DSS will know whether they are dissatisfied or not.

THE FUTURE OF INFORMATION TECHNOLOGY AND PUBLIC ADMINISTRATION

There is considerable evidence to suggest that the DSS experience is not unique. The NAO have produced critical reports of computing in the DVLC, the Foreign Office and the civil service generally. In his keynote address to a joint RIPA and Hoskyns symposium in 1989, Tony Newton, Secretary of State for Social Security said that in his department, 'the future is beginning to arrive courtesy of IT'. What sort of future does a study of the progress of the Operational Strategy combined with previous research into the effect of computerization in public organizations lead us to expect?

Early debate about computing and organizational structure focused on whether computing results in centralizing (for example Leavitt and Whisler 1958) or decentralizing (for example King 1983) decision making in the organization. However, according to Kraemer and King (1986), such empirical research as exists suggests that computing *per se* is neither a centralizing nor a decentralizing influence. In general, computing tends to reinforce the prevailing tendencies in organizations. It can be used as an instrument to facilitate structural changes or to reinforce existing structures, but it cannot bring these about in the first instance. The DSS seems to provide further evidence for this hypothesis. It was, before the introduction of the Operational Strategy, a centralized and hierarchical organization. The DSS believe that 'far from reducing the degree of flexibility managers require organizationally, new technology is more likely to increase the scope for local initiatives' (DSS 1988a). There is little sign that this is what has happened. Local office managers have had little power (and often no motivation) to search for changes that will utilize information technology to serve the particular circumstances of their office. They have been the least involved in the computerization process, and have accepted passively, and in many cases reluctantly, the change occurring in their offices (Avgerou 1989).

Some have predicted that computing will alter the political profile of organizations by shifting power to technocrats (for example, Downs 1967). Others maintain that computing reinforces the status quo by providing the existing power élite with the tools to perpetuate and strengthen their power (for example Hoffman 1973). Still others have suggested that computing can strengthen pluralistic features of organizations by providing different interest groups with the ability to respond to their opposition with the tools of technology. The Operational Strategy appears to provide most evidence for the first two of these. First, by the introduction to the organization of large numbers of private practice consultants and secondly by the control of acquisition and application of technical skill by the senior management in an already centralized and hierarchical organization. The lack of union or low-level user involvement in the Operational Strategy and the centralized nature of the systems in place means that senior DSS management have met with little resistance from local office staff armed with technological weapons. Certainly the DSS experience challenges assumptions about the potential 'democratizing' effects of computing.

Other empirical research has concentrated on the forces that shape emerging computer environments in public organizations. Using historical accounts of computing in seven public organizations in the US, Kraemer *et al.* (1989) came to the overriding conclusion that the decisions of managers rather than environmental factors had by far the most significant influence on computing development and use. Their research is consistent with a range of previous work, in both public and private sectors, in recognizing that technology does not in itself have independent effects on work or other aspects of organizational life. There is real choice over how computing is applied in organizations. In the case of the DSS, the senior civil service management making this choice appear to have a view of technology as a powerful tool which enables tasks to be carried out more economically, and which can be administered as far as possible in isolation from the rest of the organization.

To some extent, this attitude is part of a wider trend within the public sector. What Hood (1990) terms 'the new public management' places great emphasis on reduction of waste. The Operational Strategy appears to provide further evidence for his thesis that '... it is capable of creating waste too. Its tendency to denigrate most kinds of technical expertise other than economics or accounting can leave it vulnerable to implementation fiascoes.' By making economy the primary objective of the Strategy, to some extent ignoring the human factors and losing the wider benefits that information technology can bring, the DSS have experienced problems that have been costly and, ironically, have taken them further from their aim. Regardless of whether one accepts Hood's encapsulation of recent bureaucratic trends within the 'new public management', there appear to be management techniques used in the DSS at least, which are not conducive to successful IT implementations. This means that, as Zuboff (1988) and others have suggested, it may emerge in the next ten years that it was managers themselves, rather than other employees or trade unions, who were responsible for poor harvests reaped from the introduction of information technology.

An information polity?

It is nearly twenty years since Daniel Bell (1973) looked at the significance of Information and Communications Technologies (ICTs) for emergent service-dominated economies in post-industrial societies and introduced the phrase '*Information Society*'. There is now a newly emergent literature on the consequences of the adoption and application of ICTs for methods of government. Taylor and Williams (1990) herald the arrival of the 'information polity', a system of governance within which the development of innovative systems is providing methods of restructuring and changing focus. The core values and practices of traditional public administration are giving way to new methods of the developing, organizing, managing and implementing of public policy via the adoption, diffusion and application of ICTs. Taylor and Williams offer the 'information polity' as a concept drawing together into a coherent whole different strands in the change processes impacting on government. The move towards these changing roles of government and information will, they suggest, lead to two sets of issues.

Firstly, organizational changes which will gradually transform the institutions of public administration. There is considerable evidence that information resources are leading to new organizational opportunities for strategic decision makers in public organizations. This transformation can occur at several levels; for example: a macro-level related to overall design; a meso-level related to middle range issues (for example horizontal organizational integration); and a micro-level related to details of organizational routines.

At the macro-level Taylor and Williams (1990) suggest the DSS as a good example of where new information resources have been part of a 'profound reconceptualization of overall organizational design.' This can be verified; the increasing ability to separate physically the front and back office functions is beginning to provide the department with a new geographical identity (PAC 1989). In 1988 the Moodie report on the DSS, 'The Business of Service', proposed the relocation of administrative functions in Glasgow, Belfast and Wigan for 21 offices that were deemed to be delivering an unsatisfactory service. These local offices will remain as reception points with terminals for viewing only while the assessing of claims will be carried out in the above social security centres. It is not known to what extent Moodie bore the technology in mind when she made this recommendation; certainly it would not have been feasible to carry it out without the Operational Strategy systems in place. In April 1991, a nationwide re-organization of local offices is planned. The 500 local offices will be divided into 200 'clusters', to be called local management units. Each will consist of two or three branch offices which will be service delivery points linked to a main office where claim processing and central administration will be carried out, in keeping with the recommendations made in the 'Business of Service' report. The regional organization is to change too, with the seven regions to be amalgamated to form three 'territories'. The Moodie report has initiated a move towards customer-serving local offices supported across the wires by locationally separate back offices. Changes of this kind reshape the organization spatially, creating new forms of organization geographically. Such moves embody significant consequences for economic development with the potential for both reinforcing and challenging existing geographical identities.

However, what of the changes at other organizational levels? There seems evidence in the DSS case to suggest that possible micro-level changes have not occurred. Good systems development requires deep understanding of the basis of organizational processes (Muid 1989). Rigorous systems analysis that involves those specifying and developing computer systems understanding the pressures and problems confronting their future users may uncover misconceptions and illogicalities in working practices and help to rectify these. However, the lack of integration of those who designed the Operational Strategy and those who use it may have meant that such opportunities to reform the administration system, largely a result of historical factors rather than a deliberate policy, were missed. As Strassman (1985) points out, 'a bad strategic situation cannot be corrected by automating it'.

The second set of issues are 'questions of public accountability that arise as the core values of traditional public administration are edged aside by those emerging

from within the information polity'. For example, issues raised by the introduction of large numbers of computer and management consultants into the public sector. If decisions concerning information technology are left to private-sector-systems professionals then it is their cultural norms that will be introduced.

Taylor and Williams (1990) suggest that we will see also a move away from the independent operation of functional division and specialist departments of public administration:

The customer/client focus, facilitated considerably through the creation of new flows of information, begins to create a new emphasis, however, upon co-ordination and collaboration. Not, however, co-ordination and collaboration within a corporate management style of government but within a customer/client focus. Within the information polity the client provides the focus for co-ordination and collaboration rather than the management team or the policy committee.

But is that what has happened in the DSS? It seems rather that while the 'claimant' has been renamed 'customer' or 'client' in DSS terminology, their needs have remained a low priority. One hope of such changes occurring might be if technology provided local office staff with the tools for developing their own solutions to the problems of serving the public. There is no doubt that to some extent this is what will happen. But the top-down design and implementation methods and the resulting centralized nature of the systems in the Strategy suggests that such hopes will remain largely unrealized.

CONCLUSION

David Lyon (1988) has argued that there are really two 'information societies'; an analytical and a Utopian. While the version associated with Daniel Bell took the form of a 'social forecast', other writers are inclined to translate the observable as more or less inevitable trends which are also desirable. It seems that the same warning must be applied to the 'information polity'. It is easy, as Taylor and Williams (1990) do, to predict a future where information technology opens up new possibilities for a transformation of traditional methods of public administration and a government which uses its richness of information to make superior policy decisions. It is less easy to make it happen. The principle behind the idea of an information polity is one of transformation through integration of government and information technology. But a study of the history of the Operational Strategy suggests that integration may only be skin deep. While senior management appear to recognize the spatial and geographical changes that technology can facilitate, many of the issues that arise from its introduction, especially those concerning the staff and clients of the organization, seem inadequately considered and remain unresolved. Computing is not in itself a powerful and influential force within organizations. Rather, it is the actions of senior management that have a vital effect on the style of computing that emerges in public organizations. If public sector managers make the reduction of cost the prime objective of computerization, then other possible benefits embodied in the notion of the 'information polity' will remain elusive.

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THE NEW SYSTEM OF LOCAL TAXATION IN SCOTLAND: PRINCIPLES AND PRACTICE

ARTHUR MIDWINTER AND CLAIRE MONAGHAN

This article examines the new system of Scottish local government finance in theory and practice. It argues that reform is based on an economic theory of local fiscal behaviour, and examines the empirical evidence regarding the application of marginal cost pricing principles through the linking of marginal spending to taxation. The research reveals that the application of such principles in practice will be difficult, as only a few services offer direct benefits to all individuals, and as yet the technical precision needed in assessing needs for grant distribution has not materialized. There is little evidence of any impact of financial reform on local expenditure, as a number of intervening variables and assumptions can skew the accountability process.

THE RESEARCH FRAMEWORK

In 1989, Scotland obtained a new system of local government finance. Concern with local spending had been central to government public expenditure strategies in the post-reorganization period, and a wide range of policy instruments were adopted (see Rhodes 1988). But it was the perceived political consequences of the Scottish rates revaluation (with substantial tax increases in Conservative constituencies) which are regarded as pushing the Thatcher Administration into a radical reform (Dowle 1986).

The government's arguments for change were set out in the 1986 Green Paper, *Paying for Local Government* (Cmnd. 9714). Despite a series of reforms, local authority spending was still too high. This was considered to be a result of the extent to which local authority marginal spending was funded by business ratepayers and a minority of householders. Moreover, the grant system and the scope for creative accounting further distorted the cost of marginal increases in expenditure. A solution was seen in making non-domestic rates a national tax, and replacing domestic rates with a flat rate community charge, supported by a new grant system. The new charge was to be paid by all adults, and by giving electors 'a clear incentive to consider the costs as well as benefits of extra local spending' (p. 37) would overcome these weaknesses.

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Because of the political problems created by the Scottish revaluation, the government resolved to introduce reforms earlier in Scotland. Implementation of the new system was made difficult by the speed with which legislation was deemed necessary. The Act (the Abolition of Domestic Rates etc. (Scotland) Act 1987) was an enabling one with most of its prescriptions taking the form of regulations made by statutory instrument, some of which were still being finalized late in 1988. This put local officials under considerable pressure to have the new system in place in 1989. Moreover, many local authorities refused to incur expenditure until the Commencement Order was passed.

The Act is characterized by complexity (Himsworth and Walker 1987) with difficulties experienced in determining exemptions, 'sole or main residences', and 'responsible persons'. Administrative arrangements are also complex. The central actor in respect of registration is the Community Charge Registration Officer (CCRO) who compiles and maintains the Community Charge Register. The levying authority is the regional or islands council with finance officials responsible for billing, collection and recovery. Housing bodies, Scottish Homes and the New Town Development Corporations may act as agents for the levying authority. Moreover, both regional and district councils levy community charges in respect of their functions.

The shift in the basis of the tax from property to people increased the scale of operations. There are more demands, more collection mechanisms and more rebates than before. The administration of rebates is now more complex and costly; and collection is made more difficult because of the dynamic nature of the tax base. One authority (Lothian) has estimated that 40 per cent of households had changes in occupancy over the year, creating a considerable processing job. The system has also complicated relationships between authorities, as several districts refused to collect the new tax.

Since its inception, the legislation has been the focus of protest campaigns. Some were inspired by political parties, some by leftist activists, and some simply by ordinary people opposed to the tax. The campaigns against registration did not prevent the successful creation of community charge registers, and emphasis in campaigning has now turned to non-payment, an issue returned to later in the paper.

Our research has followed the implementation of the tax since 1988. We seek to provide an interim assessment of the Scottish experience of the first two years of the new system. To do so, we utilize Hogwood and Gunn's concept of public policies which can be regarded as theories or models of cause and effect.

If we think of policy in terms of the simple 'if x then y' theory, we can see that failure of a policy can arise either from the Government's failure to do x in full or because x fails to have the consequences expected according to the theory. In practice, the causal chains involved in policy as theory are normally much more *complex* (Hogwood and Gunn 1984, p. 18).

The reforms reflect economic arguments about the nature of local fiscal behaviour. The central assumptions are that all electors benefit from local government services,

and therefore the act of voting for public services is analogous to purchasing private goods in a market context. The reforms, therefore will bring a more direct relationship between paying for, and consuming local services. The shift in tax liabilities should increase the costs of marginal expenditure, and thus reduce demand for such expenditure.

The application of economic analysis to the business of government is not new. Economic models have been developed to examine the functioning of democracy (Downs 1957) and bureaucracy (Niskanen 1971). The approach is based on the notion of rational choice, and seeks to develop positive models of economic behaviour in politics. The conventional criticisms of such approaches from political science has been the unreality of the assumptions (McLean 1987; Goodin 1982). Jackson (1984) argues that this is unfair as such approaches do not seek to provide behavioural models whilst Mueller (1989) notes the economists would defend the use of simplified models if they allowed better predictions than other models.

There is some truth to this argument. Downs (1957) for example, stressed the limitations of his approach. He did not regard the model as an attempt to describe reality accurately, but as a theoretical construct which treats a few variables as crucial and ignores others. Buchanan and Tullock (1962) were equally candid:

Economic theory does not explain the organization of private choices sufficiently to enable the professional economist to predict the precise composition of the national product, the exchange ratio between any two goods or services, or the price of any one good in terms of money. Such predictions would require omniscience, not science, because we must deal with individuals as actors, not as atoms. The sciences of human choice must be modest in their aims. At best they can provide the skilled practitioner with some ability to predict the structural characteristics of organised human activity, along with some directional effects of changes in specifically defined variables (p. 5).

Therefore, economic theory does not try to explain all human behaviour, and to be useful, requires 'only the existence of the economic relation to a degree sufficient to make prediction and explanation possible' (p. 17).

Economic theory provides a deductive model of local-fiscal behaviour. It abstracts from reality to concentrate on economic aspects of political behaviour, argues that the strength of such an approach is its predictive capacity, and that the realism of its assumptions is unimportant.

The government's reforms, however, were based on arguments about local fiscal behaviour in practice. The success of the subsequent legislation, unlike economic theory *will* depend on the accuracy of the assumptions, and the absence of intervening variables. A number of writers have questioned their realism. (Boyne 1987; Gibson 1987). The assumption about the benefits of services is particularly weak; The equation of the poll tax with the notion of a charge, or more appropriately, a "benefit tax", is based wholly on assertion, without any evidence about the actual usage or benefits of local authority services (Bramley, LeGrand and Low 1989, p. 187).

In the Scottish context, for example, some 46 per cent of local expenditure is on

education, but only 24 per cent of Scottish households contain school age children. Of those that do, the propensity to use the service rises with socio-economic status. In short, most households do not directly use the education service, and those that do so vary in their degree of usage.

If we turn our attention to *nursery education*, which is a more discretionary service, the evidence is of *minority* consumption. Only 12 per cent of the pre-five age group attend nursery school in Scotland. In examining *services for the elderly*, a similar pattern of minority consumption takes place. In Scotland, local authorities currently provide only 50 sheltered and amenity houses per 1,000 elderly, only 20 people per 1,000 elderly receive meals-on-wheels, only 9 people per 1,000 elderly receive day centre places, and only 107 people per 1,000 elderly receive a home help. Previous studies of *library usage* suggest minority consumption, varying with socio-economic category in a similar fashion to our evidence on education (Totterdill and Bird 1976).

In short, one of the fundamental arguments for a community charge, equal payment based on equal benefit, is simply inaccurate. We therefore think it unlikely that voters could choose according to the concepts of economic self-interest.

In the remainder of this article, we examine the empirical evidence regarding the functioning of the new system in the context of two key assumptions. Firstly, the application of marginal cost pricing is dependent on developing a grant system with such precision that it meets with the objectives of reform. Secondly, we examine the extent to which clear links between budgets and taxation have been established, and whether these influence electoral behaviour.

THE NEW GRANT SYSTEM

'If we take the electorate as a whole, then the price of our local government services is the cost of these services minus government grants and any other external sources of income' (Foster *et al.* 1980, p. 18). The Conservatives' strategy of cutting grants, imposing penalties and ratecapping has served to complicate the grant system and introduce instability, whilst encouraging 'creative accounting' to avoid grant penalties in recent years. Uncertainty and instability were further exacerbated by periodic revaluations which alter grant entitlement. All these factors contributed to concealing and obscuring the impact of councils' policies on local taxation although this also reflects perceived inadequacies in the rating system.

The new Revenue Support Grant attempts to address these issues. By making grant allocation simpler and more stable and in conjunction with the reform of domestic and non-domestic taxation, if an authority increases expenditure in excess of any increase in income from grants and non-domestic rates, then the difference will have to be met from the community charge and in 'percentage terms the increase in the community charge will be substantially higher than the marginal excess'.

The reform of the grant system is less radical than changes which have occurred in other areas of local government finance. However, the consequence of applying marginal cost theory to grant allocation means that it must be precise. If it is not, then deficiencies will be passed on to community charge payers.

Within the new system of grant allocation, the government remains committed to

the principle of evening out the amount which authorities need to spend to provide a reasonable standard of service. However, the new system is intended to be simpler and more stable than its predecessor, enabling a more direct link between spending changes and changes in local taxes to be established.

There are two major components of grant:

- A *needs* grant to compensate authorities for differences in the cost of providing a standard level of service in different authorities
- A *standard* grant representing a uniform level of contribution towards the cost of local services.

The rationale contained in the Green Paper for making contributions on a per adult basis is that this would produce an equal reduction in the size of the community charge which authorities need to levy to finance their spending. The new approach, however, places much emphasis on the proper development of needs assessment techniques for the needs grant. In Scotland, this is based on the client group assessments of relative expenditure need which the Scottish Office regard as 'a simple and defensible way of estimating expenditure need' (Midwinter, Mair and Ford 1987, p. 41). But as Bennett points out:

Assessments of differences in the expenditure need position of local authorities is perhaps the major research problem in analysing local government finance and central grants. The difficulties which impede the solution of these problems are that there are as many ways of assessing need as there are values as to what public goods should be provided in any area and in what quantity (Bennett 1982).

The client group method requires initial decisions as to which services and parts of services are to be examined separately. A client group is then defined for each component of a service and the predetermined level of expenditure is then distributed amongst authorities according to the number of clients in that authority for that service. This is achieved by multiplying the number of clients in an authority by the average expenditure per client based on the national figure in the RSG provisions. Originally known as the *client effect*, this was changed in recognition of the fact that a clearly defined client for each and every service was not achievable (the client for police services is the number of policemen employed) and it is now more appropriately known as the *primary indicator*.

However, adjustments are also made to reflect any special circumstance which could affect the cost of providing the service. Initially this was labelled the *cost effect* but this was changed to *secondary indicator* in acknowledgment that some of the indicators used were in fact need rather than cost effects. The secondary indicator effect is calculated from the incidence of the chosen variable relative to the average, by correlating these with past expenditure. The application of secondary indicators redistributed only 4 per cent of total expenditure in its year of introduction, 1982-3. In 1990-1, 2.6 per cent of regional expenditure was redistributed using secondary indicators and 2.9 per cent of district expenditure.

Secondary indicators are tested by regression analysis and only included where the statistical relationship:

- is a plausible cause of expenditure variation;
- persists over time; and
- is a variable outside authorities' control and not the result of local policy decisions

Whilst the Scottish Client Group Approach has gone some way to achieving the goal of allowing all authorities to provide a comparable level of service at a similar cost, it is not without its problems and it has conceptual and measurement difficulties which are similar to other models of needs assessment. Detailed critiques of the Scottish approach are outlined elsewhere (Midwinter and Franklin 1982; Midwinter 1984; and Midwinter, Mair and Ford 1987) but a few areas of difficulty are worthy of note in the context of needs equalization.

In terms of need equalization, a major area of difficulty lies in the application of secondary indicators. In particular, adjustments are confined to factors which affect expenditure generally but differences in expenditure need can arise from distinctive local characteristics. A weakness of the Scottish Client Group Approach, therefore, is its incapacity to deal with specific factors which apply in only a handful of authorities.

Secondly, the use of regression raises questions concerning the validity of the analysis for regional services because of the limited number of data points. The small number of observations makes the findings extremely vulnerable to random fluctuations in data. In the Scottish context, there are only twelve regions available for analysis and often the islands are excluded reducing this to nine. Correlations from such a small sample can be attributable to random influence. In theory the notion that secondary indicators should be plausible before being tested addresses this problem but in reality the *strength* of correlation may be affected by chance and/or other variables and factors which influence both the primary and secondary indicators. As Jackson observes, the:

narrow database often proves incapable of identifying robust statistical relationships for indicators which satisfy the other tests. Since genuine differences in need requiring secondary treatment are acknowledged to be present, this generates strong pressure to manipulate the data to produce an acceptable statistical fit, at whatever cost to the credibility of the approach (Jackson 1989, pp. 39–40).

It is a central tenet of the client group approach and indeed grant distribution that authorities ought not to receive higher assessment as a result of their own decisions about levels of provision and, therefore, expenditure. However, there is a lack of rigour in the treatment of the standards/discretion issue. The client group method correlates broad indicators with aggregate spending. In order to ensure an equitable distribution of resources on the basis of relative need then a clear separation of policy/need/cost factors is needed to ensure that high spending does indeed reflect higher needs and/or costs. In only a few treatments, for example, education and police, is explicit account taken of standards and service levels. In the main, discretion is treated as a residual (that which other factors cannot explain). Where account is taken of service levels in the primary indicator assessment, then correlations with past expenditure for secondary indicators have

some validity but it is erroneous to equate average expenditure with average standards as is implicit in the current method of grant distribution. Therefore, an explicit objective of grant support, similar services for a similar tax, is not fully met in the client group approach. Given the limited attention paid to standards of provision, no distinction between discretionary and non-discretionary spending variations can be drawn for most service treatments. This makes one of the basic principles of the client group approach unattainable, namely that past decisions about provision (and thus expenditure) should not result in a higher assessment. In the absence of this condition being satisfied, needs equalization is not possible.

These statistical problems therefore require careful theorizing in justification of the indicator being tested, but this has not always proved to be the case. For example, in the treatment for school crossing patrols, it was argued that the greater volume of traffic in urban areas affected the need for such patrols. Testing of *urban road mileage* as a secondary indicator failed to produce the necessary correlation. *Urban settlement pattern* was then used, found to be statistically significant, and accepted for inclusion on the grounds that urban roads are busier. In short, an indirect measure was accepted when a more direct measure failed to produce the necessary evidence.

The client group use of regression is not, and cannot be, perfect, but it is capable of refinement and improvement in many respects. Indeed if needs equalization is to be achieved then such change is essential, yet in the Green Paper the government stresses the need for simplicity in grant calculations and airs concern about the increasingly complex nature of the assessments. Providing a standard level of service at a standard cost in all areas may sound like a reasonable and simple proposition, but in reality it is exceedingly complicated and requires amongst other things, effective needs assessment and equalization. Given the large number of factors affecting expenditure, any system of grant allocation which fully addresses these, would have to be far reaching and comprehensive in its operation. In this context, simplicity seems an inappropriate goal. In practice, as Bailey has observed 'a lump sum grant system based on a vague idea of minimum standards has been implemented without having to define or measure those standards' (Bailey 1989 p. 24).

In short, needs assessment and consequent equalization is not perfect and precise as would be necessary for a standard community charge to mean a standard service level. The complex nature of differences in needs between authorities means that this is unlikely to be fully achieved. The consequence, however, under the new system of local government finance is that discrepancies will be passed on to community chargepayers.

BUDGETS, TAXES AND ACCOUNTABILITY

The final link in the causal chain is that between local budget-making and the electorate. In theory, any local expenditure above centrally assessed need should result in highly perceptible tax increases, for *all* electors. This economic perspective revolves around the notion of local tax levels as prices.

The voting mechanism can replace the price mechanism in co-ordinating the demand for the goods supplied by local authorities with the supply of such goods. A local authority which misspends, that is spends flagrantly at variance with the wishes of its electorate, will have to face the verdict at the polls (Foster *et al.* 1980, p. 18)

The community charge system is presented as a way of improving the performance of local taxation as a price mechanism, sending out clear signals to voters.

Every voter, now faced with paying their share of council expenditure will have a powerful incentive to consider the possible costs of their candidates' policies before they cast their vote. . . . Accountability and responsibility will reappear in many communities where, in recent years, both have been lamentably lacking and this will create significant, and probably substantial electoral and demographic pressure on authorities to reduce their expenditure (Adam Smith Institute 1989).

That argument stands or falls on the realism of the underlying assumption of rational behaviour as defined by economic analysis of market behaviour. It requires voters to regard elections as markets, and taxes as prices for packages of goods, which they will consume. On the basis of existing studies of local electoral behaviour, there are good grounds for doubting the accuracy of the assumptions in terms of voter motivation (Miller 1988). The market analogy itself is a contentious one because, 'In markets, consumers buy goods for personal consumption, in elections they vote for representatives on the basis of vague manifestos without price tags, and no guarantee of consumption' (Midwinter 1989, p. 11).

Moreover, local elections are increasingly three or four party contests, with continuing participation by independents. The spatial pattern of electoral competition with two major parties offering packages of public goods and competitive prices simply does not exist in most local authorities. Yet according to the theory of the community charge, the increase in the cost of local services to most electors achieved through increasing the numbers of taxpayers and the elimination of free access to public services should result in the position of the median voter shifting in favour of less costly packages of public goods.

If this is the case, then certain outcomes would be predicted.

1. The degree of marginal spending above central government needs assessments should fall.
2. Administrations which overspend and incur higher tax levels should lose votes as a direct result of this action.

We can examine these issues through the budgetary and taxation patterns of Scottish regional councils for the first two fiscal years under the new system. In the first year of the system, the government produced estimates for each area of what the community charge 'should' be, if authorities followed government assessments. The predicted average charge of £267 was well below the actual average charge of £301. This also revealed that tax levels could result from factors other than expenditure variations from assessed needs. Firstly, assessed need is conducted on

a *cash planning* basis. This does not make clear the assumptions made on service developments to local authorities as it incorporates an unspecific provision for inflation. The cash planning approach to public spending has been criticized for not providing a reasonable base for budgetary decisions. (Heald 1983; Pliatzky 1982). Authorities, however, still operate on a volume planning basis, whereby they cost the current volume of services, new developments, and allow separately for inflation. This in itself can lead to variations above needs assessments.

The grant system also ignores the impact of balances/deficits on community charge levels. Authorities with revenue balances (unspent monies from previous years) can use them to reduce the community charge in the existing year. An authority in such a position could conceivably increase its expenditure above its needs assessment *without* the expected tax increase. Similarly, authorities with deficits from previous budgets can *increase* their tax levels simply to eliminate the deficits.

A final source of tax variation is the assumption on tax yield. The government has assumed a tax yield similar to rating, and allowed 5 per cent for non-collection, whereas authorities' estimates ranged from 90 per cent to 100 per cent collection. As recent evidence shows, even 90 per cent proved to be optimistic, and non-collection is predicted to push up charge levels in 1991-2 by around £35-£40 (COSLA 1990).

In May 1990, the first electoral test under the new tax system took place. The opposition parties *all* made the tax itself, and strategies for defeating it, an electoral issue. Only the Conservatives focused on tax levels as a local political issue. In Lothian, for example, they promised a £100 cut in Edinburgh if elected (*Glasgow Herald* 24 April 1990) whilst in Tayside the promised reduction was £50 (*Scotsman* 18 April 1990). What impact, however, did budgets and taxes have on election results?

Analysing the interaction of budgets and accountability is difficult. The system has only been in operation for two years, and in the first year, electoral perceptions are as likely to reflect individual tax liabilities resulting from the reform as the level of charge *per se*. Secondly, in the initial year of the new system a generous grant settlement and heavy use of balances helped contain community charge levels.

In 1989-90, local spending rose by around 2 per cent in volume terms (Midwinter 1989). One study, however, (Hughes 1989) suggested that local authorities imposed a hefty tax increase on local taxpayers in 1989-90, and explained this change in terms of a rational choice model.

It is not difficult to sketch a model of local government behaviour which implies that such a response to changes in the tax base is entirely rational. Suppose that local politicians wish to maximise the level of local government expenditure subject to constraints on the local tax rate, as would be implied either by a bureaucratic model of local authorities or by a vote-maximising model in the British context. The crucial issue then is whether it is the absolute level of local taxes or year to year changes in the level of local taxes which determine the political use of local taxes. The traditions of a unitary state with a heavy reliance upon central government grants to local authorities and a general commitment

to uniformity in the provision of local public services have led to a system in which political responses focus on changes in local taxes rather than on their levels (Hughes 1989, p. 5).

Hughes' interpretation is that the change in the tax base allowed a significant increase in local taxes, as the 'blame' would be perceived by the electorate as falling on central government. He estimates the increase in local taxes to be of the order of 37.9 per cent.

Hughes' methodology however, is flawed, as the empirical analysis is based on calculations for 636 Scottish households covered by a Family Expenditure Survey in 1985. All nominal values were adjusted to mid-1988 or mid-1989 prices using actual and estimated indices of prices and incomes. We are sceptical about the validity of extrapolating from such a small sample. Hughes compares total unreduced local tax bills for the sample of households at 1988/9 rate poundages with 1989/90 community charge levels. He rightly records an increase in government grant of 9.8 per cent and the pegging of the business rate to a 5.9 per cent increase. He then argues that local authorities plan to increase their revenue by 12.8 per cent over 1988-9, and that the key component is the increase in revenue from the community charge relative to that from domestic rates in 1988-9, which as noted above, he calculated at 37.9 per cent.

We found this figure surprising. We were aware from our own research that a modest growth in real spending was the norm in Scottish local authorities in 1989-90, and with the relatively generous grant settlement, would not have expected such an increase.

We therefore examined the *actual* behaviour of local authorities using data in *Rating Review*. In 1989-90, Scottish local authorities planned to spend £4,775 millions, compared to £4,437 millions in 1988-9, an increase of only 9.85 per cent. (This figure includes all expenditure on services, loan charges and inflation with adjustments for public waste and non-domestic sewerage (now excluded) and the capitalization of living improvement loans).

We then examined Hughes's arguments about revenue. Again, actual figures bear no close resemblance to his calculations. Hughes's figures for the income from non-domestic rates are broadly correct, as they are derived from the Scottish Office. Official figures do not, however, distinguish as he has done between rebated payments and rebates. In 1988-9, Scottish local authorities raised £2,270.1 millions in rates, of which only £1,085 millions was raised from domestic ratepayers (compared to the £1,020 millions figure in the Hughes's paper). In 1989-90, domestic rates income was controlled by the government and amounted to £1,220 millions. The total raised via the community charge was £1,024 millions compared to £1,405 millions in the Hughes's paper. In fact, far from having increased by 38 per cent, the taxation raised from householders *actually fell* by around 5 per cent.

These complications suggest it is unwise to include financial year 1988-9 in our analysis, as there are no comparable data for the last year in which rates were in operation. We have therefore concentrated on the changes between 1989-90 and 1990-91, and absolute tax levels in 1990-1 in this analysis.

The accountability assumption concentrates on the link between marginal spending (spending above Grant Expenditure Assessment) and tax levels. We have noted that the GEA itself is not precise, and that the full objectives of the system (equal taxes for equal services) cannot be met. However, it is nevertheless the case that through the gearing effect, marginal spending can bear heavily on community charge payers. However, as Hughes suggests that it is tax change which matters, and there is some support for this view where the tax increases are exceptional (Bristow 1982), we have also examined the impact of tax change. We have concentrated on regional councils, as they are responsible for the bulk of local expenditure, and moreover faced elections in 1990.

In table 1, we set out the spending and taxation levels of the nine regional councils. There is no close correspondence between the two, because of the grant system. High spenders in absolute terms can have low tax levels (e.g. Highland) whilst low spenders can have high tax levels (e.g. Lothian).

TABLE 1 Budgets and taxes in 1990-91 in Scottish Regions

	<i>Budgets</i> (£ per capita)	<i>Tax Levels</i> (£'s)
Borders	756.07	208
Central	711.81	242
Dumfries and Galloway	728.53	223
Fife	761.29	263
Grampian	665.18	209
Highland	873.75	216
Lothian	730.31	330
Strathclyde	761.00	246
Tayside	735.69	246

Source: COSLA

Table 2 sets out overspending and local tax data. The level of overspending (i.e. marginal spending above GEA) fell slightly from 6.5 per cent to 4.8 per cent in regional budgets.

However, one should not assume that this means that 'spending fell'. Authorities regularly indulge in creative accounting in the year of elections in order to contain tax increases. As occurred under rating (Midwinter 1984) generous increases in government provision can 'reduce overspending'. We tested the impact of overspending on tax levels and tax changes, using the statistical technique of regression analysis. If there is a general relationship, this would result in a high R^2 , but if there is no systematic relationship there will be a low R^2 . The regression test revealed that in 1990-91 there was a strong relationship between overspending and tax levels ($R^2=83$ per cent) and no link between overspending and tax increases ($R^2=7$ per cent). Because of the high R^2 , we tested the same variables in the previous year, bearing in mind that tax levels would be affected by safety nets. This was also strongly related ($R^2=62$ per cent), and the evidence suggests the relationship has been strengthened with the partial removal of safety nets in the current year.

TABLE 2 Overspending and local taxes 1990-91

	Overspending (%)	Tax levels (£)	Tax changes (over 1989-90) (%)
Borders	-1.85	208	1.4
Central	4.73	242	13.6
Dumfries and Galloway	-3.33	223	17.7
Fife	10.33	263	10.5
Grampian	-3.73	209	-4.6
Highland	1.78	216	8.0
Lothian	13.81	330	8.2
Strathclyde	4.32	246	12.3
Tayside	3.45	246	2.1
		R ² (83%) (Overspending and tax levels)	R ² (7%) (Overspending and tax change)

Now if Hughes's argument that it is *tax change* that matters to voters is correct, some conflicting messages are being sent out. For example, Dumfries and Galloway has *underspent* its GEA, but incurred the largest tax increase in doing so, whilst Lothian has the highest *overspend* but only an average tax increase. To examine this further, we tested to see if there was any systematic relationship between budgetary growth and tax increases, but none existed ($R^2=1$ per cent). The full set of data above shows that Strathclyde had the lowest budget increase but the second highest tax increase, whilst Dumfries with the highest tax increase had a budget increase above average.

However, a very strong relationship between tax levels and overspending is revealed. Why should this be so? In our view, this reflects the incremental nature of budgetary change. Variations between authorities' tax levels are much less than tax changes, as the tax change can be dramatically affected by the gearing effect, the assumptions about inflation/tax yield indicated earlier and the use of balances. For example, the high *increases* in Dumfries and Galloway, reflect the non-availability of balances in 1990-1 which were used in the previous year, whilst Lothian did not have to fund the scale of *budget deficit* in 1989-90. In short, authorities' relative tax levels are not so greatly affected by these factors as their tax changes.

In turning attention to the election the first observation relates to turnout. The high profile given to local fiscal reform, and the increased number of local taxpayers, might have been expected to result in more electors casting their votes on election day. Public opinion surveys suggested that 48 per cent of Scots felt the poll tax was one of the main issues in Britain. The issue, however, had little impact on turnout which only marginally increased on the 1986 levels. In Lothian, where tax levels were prominent in the political rhetoric surrounding the election campaign, the turnout actually fell in comparison with the position at the last regional election.

It is however the only Scottish region in which more than half the electorate voted (50 per cent).

There was no systematic connection between turnout and local authority finances. Lothian and Fife are the regions with the highest community charges (£330 and £263 in 1990-1) and the greatest degree of overspend (13.8 per cent and 10.3 per cent) yet in both these authorities the proportion of the electorate casting their votes fell.

The analysis of voting behaviour is complicated by the survival of Independents in Scottish local politics. Independents dominate in the three mainland rural regions and the islands councils. Moreover, the situation is further complicated by the existence of a majority coalition in Grampian, as parties fight on their own policies, *not* the performance of a coalition.

We can, however, look at the issue at *two* levels. We can focus on the electoral performance of Labour where they had formed the administration in the last councils (1986-90) and thus fixed budgets and taxes. Secondly, we can examine the performance of the Conservatives who consistently campaigned for lower taxes. If the economic model is correct, we would expect to see electoral performance varying systematically with tax levels, with high increases or levels of taxation resulting in a loss of support for ruling Labour groups.

The percentage change in votes for a party (compared with the 1986 election) has been used in the analysis but as can be seen from table 3 in the regions considered there is no clear impact on seats held.

TABLE 3 Percentage change in votes and change in seats held, 1990

	Labour		Conservative		Democrats		SNP	
	%	Seats	%	Seats	%	Seats	%	Seats
Central	-2.7	-1	+7.2	+1	-2.5	-	-4.7	+1
Fife	-0.8	+1	+2.2	-2	-0.5	+4	-3.1	-1
Lothian	+0.4	+2	+2.2	-1	-8.1	-1	+5.5	-
Strathclyde	-0.3	+3	+2.4	-1	-8.4	-1	+3.7	-1
Tayside	-1.2	-2	+1.5	+1	-3.6	+1	+3.1	+1
Scotland	-1.3	+9	+2.5	-10	-6.5	+3	+3.6	+2

In three of the five Labour controlled authorities, the Conservatives increased their share of the vote in excess of 2 per cent yet saw a net fall in the number of seats held. In Fife and Strathclyde, Labour proportionally lost votes but gained seats. These apparent anomalies can in part be explained by the fact that there is insufficient information to allow account to be taken of changes in the number of candidates fielded. Although throughout Scotland, the Conservatives saw a 2.5 per cent increase in their share of the vote, they had 320 candidates standing compared to 259 in 1986, a rise of 23.6 per cent. Their increase in votes thus is not surprising and indeed well below what should be expected given the rise in candidates and they did in fact suffer a net loss of ten seats.

Correspondingly, Labour gained nine seats despite a 1.3 per cent drop in votes.

It has already been argued that if the analogy between elections and markets is correct then votes should be lost in administrations which incur high tax levels and overspend. To examine the validity of this argument we ranked the Labour-controlled authorities in descending order of poll tax levels and alongside these matched the voting patterns for the four main political parties.

TABLE 4 Community charge and percentage change in votes, 1990

	Tax (£)	Labour	Conservative	Democrat	SNP
Lothian	330	+0.4	+2.2	-8.1	+5.5
Fife	263	-0.8	+2.2	-0.5	-3.1
Strathclyde	246	-0.3	+2.4	-8.4	+3.7
Tayside	246	-1.2	+1.5	-3.6	+3.1
Central	242	-2.7	+7.2	-2.5	-4.7

There are too few data points to test for *statistical* correlations but there is limited evidence of a discernible pattern and if anything the reverse of expectations. Lothian has the highest local tax level, yet saw a 0.4 per cent increase in Labour's share of the vote. Of the authorities considered here, Central has the lowest community charge at £242, yet witnessed the most substantial drop in Labour vote (-2.7 per cent) and the biggest increase in votes for the Conservatives (+7.2 per cent). There is no connection between tax levels and changes in votes for the Democrats and the SNP.

Table 5 presents the same information for tax increases since it may be these which will have the greatest impact on voting behaviour.

TABLE 5 Community charge increases and % change in votes, 1990

	% Change in Tax	Labour	Conservative	Democrat	SNP
Central	13.6	-2.7	+7.2	-2.5	-4.7
Strathclyde	12.3	-0.3	+2.4	-8.4	+3.7
Fife	10.5	-0.8	+2.2	-0.5	-3.1
Lothian	8.2	+0.4	+2.2	-8.1	+5.5
Tayside	2.1	-1.2	+1.5	-3.6	+3.1

The year-on-year change in community charge is greatest in Central where it was 13.6 per cent higher in the financial year 1990-91 compared to 1989-90. In this region, Labour's vote fell by 2.7 per cent and the Conservatives rose by 7.2 per cent. We would also note that the then Chairman of the Scottish Conservative Party, Michael Forsyth MP, a leading supporter of the community charge, sits for the Stirling constituency and had a high profile role in the election campaign. This may also reflect strong local organization. However, in Strathclyde the charge rose

by 12.3 per cent but the changes in share of the votes were -0.3 per cent and $+2.4$ per cent for Labour and the Conservatives respectively. The relationship cannot be regarded as deterministic. The vote shares for the Democrats and the SNP move erratically in comparison with increases in local taxes.

The government also argued that administrations which overspend would lose votes. Table 6 addresses this issue.

TABLE 6 Overspending and % change in votes, 1990

	<i>Overspending %</i>	<i>Labour</i>	<i>Conservative</i>	<i>Democrat</i>	<i>SNP</i>
Lothian	13.8	+0.4	+2.2	-8.1	+5.5
Fife	10.3	-0.8	+2.2	-0.5	-3.1
Central	4.7	-2.7	+7.2	-2.5	-4.7
Strathclyde	4.3	-0.3	+2.4	-8.4	+3.7
Tayside	3.5	-1.2	+1.5	-3.6	+3.1

Lothian overspent by the greatest degree, yet it saw the ruling group's vote rise ($+0.4$ per cent). The increase in Conservative vote is greatest in Central but overspending is only 4.7 per cent in this region. There is no evidence of a systematic relationship between overspending and voting and indeed the changes in the other four authorities are all around 1 per cent in the case of Labour and 2 per cent in the case of the Conservatives compared with 1986.

The absence of relationship between the measures analysed here and voting behaviour does not surprise us. There is strong evidence that explanations of voting behaviour are much more complex than the motivation of electors in political markets (Miller 1988). There are no price tags on election manifestos and often the tax implications of electoral choice are not clear to voters. In the absence of this assumed catalyst for change it is not surprising to find little evidence supporting the assumptions underpinning the Green Paper.

CONCLUSIONS

The reform of local government finance was based on an economic model of local fiscal behaviour. It assumed that by extending the tax base to all electors, and producing a direct link between marginal spending and tax levels, accountability would be increased and the demand for local services would decline.

This research has shown that the fundamental behavioural assumptions in the model are empirically false. Firstly, the concept of the elector as consumer is fraught with difficulties, as only a few services offer direct benefits to all electors. In practice, only a minority of households consume most local services directly.

Secondly, our evidence shows that the application of marginal cost principles in practice will be difficult, because of weaknesses in the capacity of existing needs assessment methodology, and in fact, if all authorities spent at needs assessments, variations in tax levels and services would still occur.

Finally, we examined the links between budgets, taxes and electoral behaviour. There is little sign as yet of any significant change in electoral pattern, indeed the biggest changes were in the roles of the minor parties. There is no evidence of electors exerting significant and substantial pressure for spending reductions as predicted by the Adam Smith Institute (1989).

We do not find this surprising. Economic models are limited in treating some variables as crucial and ignoring others. The assumption is that such variables can have discernible impact even if complete prediction of behaviour is impossible. The government, however, interpret the economic model as a behavioural one, that is representative of how crucial actors *do* behave in the real world. We have shown that a large number of intervening variables can skew the accountability process, and we would not therefore expect to find any future evidence of electors and local politicians conforming to the assumptions of the model. In short, the reforms are unlikely to produce the desired results.

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PUBLIC MANAGEMENT ---

NEW CHALLENGES OR FAMILIAR PRESCRIPTIONS* ---

ROBIN BUTLER

It is now two and three-quarter years since I took up my present post and became Head of the Home Civil Service. It is two and a half years since Mrs. Thatcher announced the Next Steps initiative, of which the key proposal was that, to the greatest extent practicable, the executive functions of government should be carried out by clearly designated agencies within the civil service.

That initiative was the culmination of a number of other developments of policy which were already affecting the management of the civil service. New pay agreements had been reached with the civil service unions which both established a framework for negotiating pay in the light of the civil service's ability to recruit and retain staff and movements in the labour market generally. Those agreements also embraced more flexible and varied patterns of civil service pay related to geographical locations, the market for individual skills and merit.

At the same time the civil service, long imbued with a tradition of public service, had become used to the idea that it had to concentrate more on the very large part of our activities which provide direct services to the public; and that we have no inherent right to provide those services if others could do it better or more efficiently.

Finally, the civil service like other employers, had recognized the effect on the labour market of the baby boom working its way out of the school leaver population. The penny had dropped that we would have to be not only sharp but creative in reviewing established ways of recruiting and managing staff and locating work if we were to maintain the quality of our work in the 1990s.

There was no connection between these events and my taking up post except a coincidence of timing. But I consider myself very fortunate that I happened to take up post at the time I did.

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During my career in the civil service, a lot of which has been spent in ministerial private offices or close to ministers, I have seen a proliferation of the detail referred to ministers to decide. Not only has this meant overnight boxes loaded with large amounts of complex and wearisome paper, which divert ministers (unless they have superhuman energy and of course some do) from the task of setting the strategic directions which should properly be theirs. But there is evidence that it has also been reflected in excessively detailed controls at lower levels of the civil service so that people were too often having to refer upwards matters which should reasonably have been within their competence and found the process of obtaining authority to act both laborious and slow.

This is a condition which is deadening to energy and creativeness at all levels of management. I had long felt that there was a need to push responsibility down the line, and I accepted the corollary that if responsibility were to be devolved from ministers, individual civil servants had to accept it. Of course, such defined and delegated responsibility is consistent with ultimate accountability remaining at the political level, which is essential. I shall have more to say about this later.

Conversely, I believed that able people in the civil service were looking for greater responsibility, by which I mean that they were fully prepared to take responsibility for making decisions within a line of policy established by ministers. Certainly I was aware that one of the main questions which young people ask when considering a career is whether it will give them a real opportunity at an early stage of making their own mark.

Thirdly, because the Next Steps initiative was intended in this way to improve both the quality of services which the government provides to the public and the satisfaction which civil servants can find in their work, I saw it as an opportunity for uniting the approach of politicians on both sides of the political fence with the professional aspiration which civil servants have to do a first-rate job, after a period in which – it is no secret – the relationship between civil servants and ministers had passed through some choppy waters.

Finally, as I looked around outside organizations, I saw the general trend of management going in the same direction. We could all name major companies with household names which have headquarters from which those running the companies set general strategies while the managers of subsidiaries and operating units have substantial freedom in running their operations within firm overall budgetary controls and are held responsible for the results.

The significance of the Next Steps initiative and its initial effect are now generally acknowledged. It was recently described by the all-party Treasury and Civil Service Select Committee as perhaps the most important reform of the civil service this century. Even among those who were at first sceptical of it as another high-sounding and well-meaning manifesto, most now acknowledge its initial impact in terms of identifiable improvements in service, greater freedom for local managers, greater openness about both aims and responsibilities and greater willingness to make posts available to talent whether from within or outside the civil service – there is concrete evidence of all these things.

So this is perhaps the moment to remind ourselves that progress and enlightenment

did not begin with Next Steps and will certainly not end with it. Hence my title – 'New Challenges or Familiar Prescriptions?'.

Let me deal first with familiar prescriptions and remind you of a key passage on the creation of agencies in the civil service:

It is not easy in the Civil Service clearly and distinctly to allocate to individuals or units the authority to take decisions. . . . We believe. . . . that the work of departments can be so organised as to enable responsibility and authority to be defined and allocated more clearly than they often are at present. Individuals and units could then be called to account for performance which is measured as objectively as possible. . . . We consider this principle of organisation to be a necessary condition for achieving maximum departmental efficiency and for enabling men and women to get greater satisfaction from their work.

Those words are not from the Ibbs 'Next Steps' report of 1987. They are from the Fulton report of 1968. The Next Steps approach could hardly be better described.

There were aspects of Fulton of which I was and remain critical. Into that category I put the criticism of the civil service as being based on 'the philosophy of the amateur'. For inserting a nail in the coffin of that line of attack, and indeed for other things including a lot of fun, we have to thank the authors of 'Yes Minister': whatever else Sir Humphrey Appleby is, he cannot be described as 'an amateur'. To me one of the pleasures of working in the civil service has always been its professionalism. By that I mean not just that we work for pay – if pay were the overriding criterion, people would not look to the civil service first – but that we care about doing our jobs well; we distil our experience into skills and expertise; we work to clearly stated values of service, which are sustained by example and by peer pressures within the profession; and we nurture these skills, expertise and values in those coming along after us.

But over the devolution of responsibility, and accountable and efficient management, the Fulton report has much to say that reads as convincingly now as it did when it was written. Moreover, great progress was made in both the 1970s and the 1980s which it would be wrong to ignore. A number of trading funds were set up, and many civil service organizations spectacularly improved their service and performance. For example, the Driver and Vehicle Licensing Centre did not have to become a Next Steps agency before it converted its reputation for notorious delay into that of an organization so much more efficient that every Member of Parliament will tell you about the reduction of this source of complaints in their postbags.

So the road to better management in the civil service did not begin with Next Steps, just as it will not end with it. Nonetheless, it has to be acknowledged that in the 1970s the recommendations in the Fulton report for greater definition and devolution of responsibility faltered and it is not difficult to see some of the reasons why they did.

In the first place, the attention of both politicians and the most senior civil servants was diverted by the country's economic problems in the early and

mid-1970s. One response to those economic problems was the overriding need to get and keep public expenditure under control; and that led towards a much firmer grip from the centre of government. The need for such a grip was reinforced by difficult relations with staff associations, and subsequently trade unions which, as Fulton recognized, were inclined to hold onto agreements imposing rigid and uniform management methods and to exploit any discrepancies for the purpose of evening up terms and conditions of employment. In addition, Fulton seemed to me to contain a strong theme of managerial centralism, which, though it may have been useful as an initial booster, was in my view the wrong prescription for management itself in the long run.

By the late 1980s, the conditions were more favourable again to greater delegation of responsibility.

First, although the requirement for firm public expenditure control still existed, and continues to exist, there is in place a system of cash limits and controls on running costs designed to provide firm overall budgetary limits. Provided that these are effective, they are a basis for giving managers greater operational freedom within them.

Secondly, the Financial Management Initiative, supported by an infrastructure of cost and management accounting, has developed to the point where the measurement of results, whether in the form of the bottom line (when that is applicable to civil service activities) or in terms of measurement of outputs or other indicators, provides a basis for setting specific and measurable aims for civil service operations. It has become accepted that individual managers should have identified objectives to achieve and should be responsible for the resources they use in doing so.

Thirdly, there is greater belief that small is beautiful. This did not exist in the late 1960s and the early 1970s when the fashion was for industrial amalgamations and jumbo departments. The spread of information technology and of instant communication has provided both the opportunity and the impetus for operations to be more widely dispersed and for managers to be expected to take decisions on the spot. It is no use having information available in micro-seconds and taking three weeks to get authority from head office to act on it.

Fourthly, a new generation of civil service trade union leaders is, I believe, forward-looking, responsive to the interests of its members and therefore less dogmatic about retaining traditional and uniform patterns of management. Where change can be clearly shown to be in the interests both of their members and of the public they serve, the trade union leaders have shown a very constructive attitude to change.

Fifthly, the civil service has become much more open, not only in terms of movement into it and out of it at all stages of people's careers, but also in terms of individuals being more publicly identified with areas of responsibility. This too was anticipated in the Fulton report which said of the traditional anonymity of civil servants: – 'It is already being eroded by Parliament and to a more limited extent by the pressures of the press, radio and television; the process will continue and we see no reason to reverse it'.

So I would argue that, while the Next Steps initiative and the other recent

changes did not contain entirely new prescriptions – indeed many of them including very important ones on training, have strong affinities with what was recommended in the Fulton report and in other earlier documents – in the 1980s the groundwork had been laid for pushing them forward; and, as I remarked earlier the initial success of the Next Steps initiative over the last two and a half years reflects that. The tide was already strongly flowing in this direction.

There are those who fear that the formation of the executive operations of government into self-contained agencies represents a division between ‘policy’ and ‘execution’ which would be a backward step, almost a throwback to the old rigid distinction between the administrative and executive classes of the civil service.

I take this opportunity of saying that I do not see it like that at all – any more than the division between a subsidiary of ICI and the main board is a strict division between policy and execution. Of course, the main strategic issues have to be reserved to ministers as they do to the board of a company – and chief executives of agencies as of corporate subsidiaries have to know what they may decide for themselves and what they must refer upwards. But to say that the chief executive for the Royal Mint or of a Forensic Science Laboratory has no policy to decide is obvious nonsense. Problems have to be solved and initiatives have to be taken every day if the operation is to be a success; and those go well beyond mechanistic execution of policy set by others. And, more deeply, policy and execution must in any case inform one another. No activity for which ministers retain responsibility to Parliament can be carried out without sensitivity to that responsibility. And no policy at ministerial level can sensibly be considered without taking account of the experience of those working in that particular field. It is for this reason that we must be particularly concerned throughout the civil service not only with literacy and numeracy but with what has been called in a new buzz-word ‘operacy’ – the practical sense of what works and what doesn’t in any particular situation.

I have just referred to the ‘initial’ success of Next Steps. I did this deliberately. We have a number of Agencies set up and we have a lot more to come. We have improved financial and non-financial performance targets in place, and they are starting to be delivered. And there is a good deal of parliamentary and public perception that the project is moving forward well. All this is good. But it would be wrong not to recognize that we are still relatively near the beginning of a continuing process. It would be premature to claim that the durable success of the Next Steps initiative is yet assured.

Bringing about change in any institution or organization is notoriously difficult. Machiavelli said in a famous remark ‘There is nothing more difficult to take in hand, more perilous to conduct, more uncertain in its success than to take the lead in the introduction of a new order of things’ – and of course he only had to deal with a whole lot of ambitious, scheming and murderous Italian princelings. When I survey the range of possibilities of things which could go wrong with Next Steps they are clearly many and various.

The most obvious danger is that in the effort to demonstrate that the Next Steps policy is being achieved, Agencies are set up simply for the sake of the scorecard, and to make it look as though something is happening, without involving any

real changes of management. For instance, and this is a real risk, Departments though apparently delegating control may not do so in practice or – more insidiously – in the name of monitoring an Agency's performance, may supervise and constrain the Agency's freedom of action at every turn.

Another case of this danger is that in the interests of getting Agencies up and running with the least possible opposition from trade unions or staff interests, Departments and Agencies shirk tackling at the outset those trade union agreements which impose quite as much constraint on their freedom of management as any outside control.

Yet another aspect of this risk at the setting up stage is that Agencies are set up on some kind of production line or 'look alike' basis, without properly studying the real business they are in and the real needs and requirements each Agency has if it is to deliver what the responsible minister wants. We are taking great care to avoid such an approach, and we must carry on doing so; it is fundamental, of course, that all activities are different and so to go for a production line would simply be to risk substituting one monolith for another.

A different sort of danger is that Parliament, instead of feeling that Next Steps enhances their ability to scrutinize the executive and call it to account as I think is the case, feels that its powers are being inhibited. I have no doubt that in these circumstances Parliament would cease to welcome and cheer on the initiative, as it has so far done, and would quickly find ways of stopping it or even putting it into reverse, perhaps even by requiring ministers to answer in yet more detail than they do already.

In this context I would like to say how much I welcome the recent select committee observation that the non-partisan nature of the reform must be maintained. They specifically commended the proposition 'Agencies are set up to do what the Government of the day wants; they are a means to an end, to do what Ministers want effectively and efficiently'. The select committee went on to say that the 'machinery of the public service should be as effective and efficient as possible in delivering what is required of it and any reform which achieves this aim should be supported by all Parties.' And perhaps it is timely for me to add, during a difficult public expenditure round, that the Agency system and the targets set for them must be capable of being adjusted to whatever level of public expenditure resources ministers decide that the government can afford for each Agency.

This point should remind us that the greatest obstacles to success may not come at the outset. After the effort of establishing an Agency and negotiating a framework, there will be a temptation for Departments and Agencies, when the time comes to review the framework and reappoint, or indeed maybe dis-appoint, the chief executive, to fight hard simply to protect the new ground they have gained and allow the new order to become as ossified as the old. The temptation to 'routinize' – indeed to swerve back into the old ways – is an inevitable characteristic of any large organization. It will be interesting to see how the new breed of civil servant that we are introducing – the chief executive – responds to the challenge of restlessness which must be successfully met if Next Steps is to stay relevant.

And of course there is always the opposite danger that the disciplines imposed

on the Agencies prove too lax and are not enforced, so that ministers and the Treasury lose confidence in the initiative and feel it necessary to reassert central controls.

This may not be a comprehensive list, but any of these possibilities could happen. Against each of them, if the direction of progress is to be maintained and the fleet is to be kept to its course, look-outs have to be put in place and arrangements made for warning bells to be rung if there are signs of losing direction. And this is what we shall do.

As regards Parliament, it has been made clear that far from losing the ability to question a minister about any aspect of an agency's operations, Members of Parliament not only retain that ultimate recourse but are also gaining the additional information about who precisely is responsible for what and the opportunity of going, in the first instance, to the chief executive where he has the specific and published responsibility. There is little doubt in my mind that this enhances rather than diminishes Parliament's ability to enquire into and control the executive.

And the main protection against the arthritic tendency is that frameworks *do* have to be reviewed and re-negotiated. Chief executives *do* have to be re-appointed or dis-appointed, and above all, this process and the objectives set and achieved, are public and open to the comment and encouragement of Parliament and the media.

It is noteworthy and reassuring that other countries – Canada, Australia, the United States, our continental partners – have programmes of reform which embrace the greater delegation, objective-setting and flexibility of terms and conditions which are features of the changes we are making in this country. As I look round at the civil service of other countries, our approach seems to embrace a set of ideas whose time has come.

But it would be misleading to give the impression that the ideas and approach which underlie these reforms are all that are important to the development of British government administration in the next decade. It is not just the Next Steps initiative which has caused the Russians or the Chinese government to turn to us for advice, or the countries of Eastern Europe to look to this country's civil service as a guide to them on the path towards democracy. What those countries are looking to is very much more the familiar and established qualities of our civil service tradition, qualities which Next Steps can build on but which it would be disastrous to neglect.

Good government is about well-considered, well-designed policies as well as the efficient delivery of services which these policies allocate to central government. Here too we are seeking to apply the basic principles of good management of work: clarifying individual responsibilities for achieving specified objectives, thinking through the right regime for the purpose, mobilizing the right resources. And there are other ideas which are equally relevant to policy-making – the importance of direct management of people in the line, of engaging individuals in their own career development, of freeing ideas, energies and initiative by cutting out accumulated layers of supervision and second-guessing.

When these countries come to talk to us it is also about the safeguards in our civil service against corruption, the impartiality between political parties,

appointment and promotion on merit by fair and open competition rather than by patronage – these are the matters in which they are interested.

These are qualities which civil servants here at all levels value and seek to protect, not least those who have just joined the profession, attracted to it by (among other things) precisely those qualities, as indeed I was myself.

It is because these qualities are so valuable that I welcome the jealous eye which individual civil servants and observers on the civil service keep for any sign of what is called politicization.

In this respect it is reassuring that those who have made a close study of these matters – the all-party House of Commons Select Committee on Treasury and Civil Service matters and an independent study under the auspices of the Royal Institute of Public Administration – have found no evidence of politicization.

It is, I think, one of the respects in which politicians and civil servants find it difficult to understand each other – that politicians, so partisan themselves, cannot believe that there can be a different breed of people, who are interested in and committed to the processes of government and making our community work and yet whose political beliefs are not strongly partisan.

Against any such suspicions the best protection for the civil service is its record. In 1964 after a long period of Conservative rule, the civil service applied itself as loyally to implementing the policies of the incoming Labour government, as it did in 1979 for the radical policies of an incoming Conservative government.

Today I have no doubt that the same fierce determination to serve loyally and with commitment whatever government the electorate put in place remains as much the badge of the profession as the obligation not to confuse private gain with public duty.

Integrity, impartiality, selection on merit and a real concern to serve democratically elected governments and get results – these come under the heading of familiar prescriptions, as valuable today, I suggest, as they have ever been in the past. But what other new challenges does the civil service of the 1990s have to face?

It has to face the challenge of recruiting and retaining people of the necessary calibre to undertake the vital task of advising governments and managing the public services. This has to be done not only in a very competitive market as the supply of young people becoming available in the 1990s become more constricted but also it has to be done in a market in which a much wider range of professions is vying for the attention of the highly qualified graduate and school leaver.

This requires the civil service to present a career of challenge and opportunity, in which the way is more open than it was in the past for people with talent to make their own way to the top – here we are back to Next Steps again. But also we need to re-establish in a modern and attractive form the view of public service as something to take a pride in – that is a high priority for the 1990s.

We face other challenges which were not even thought about by the authors of the Fulton report only twenty years ago. Let me mention just two.

First, our growing involvement with Europe will need a generation of civil servants prepared not to operate in the administrative modes so familiar to us in this country but to adapt to, and be effective under, continental methods of

administration very different from our own. Some, a growing number but as yet too few, of our civil servants have learned to make that transition: many more will have to do so if we are to be effective in representing and promoting the interest of the people in this corner of the European Community.

Secondly, the opportunities provided by information technology and the revolution in communications have gone much further and faster than anyone imagined even a few years ago in providing opportunities not only to provide the traditional public services differently and better but to provide new types of services altogether. Those opportunities will only be exploited if we are prepared to give changes to specialists with the necessary skills and managers with the necessary drive to take us through the gates which information technology and communications open.

So familiar prescriptions for the 1990s – yes, much of what we are doing to produce a civil service fit for the 1990s was prescribed as long ago as Fulton and perhaps longer. Much of what we are seeking to safeguard goes back much further than that. New challenges – yes, there are plenty of those too.

But I do profoundly believe that as we face those challenges the civil service is breaking down the restrictions of the past and making itself more open – open to recruitment of all manner of people at all stages of career, open to those who leave it and wish to return, open to the exercise of initiative and responsibility, open to competition with outside providers of similar services, open to public scrutiny and parliamentary accountability, open to the ideas, initiative, enthusiasm to be found in its own ranks at all levels and throughout the country.

REFLECTIONS ON NEIGHBOURHOOD DECENTRALIZATION IN TOWER HAMLETS

GERRY STOKER (ED.), SEAN BAINE, SUSAN CARLYLE, STEVE CHARTERS AND TONY DU SAUTOY

In 1986 the Liberals won control of the London Borough of Tower Hamlets. They immediately set about implementing a radical experiment in decentralized service delivery and decision-making. This article provides an opportunity for four participants in this experiment to reflect on the successes and failures of the scheme as it ran until 1990. In fact the experiment continues, given that the Liberals retained control over the borough in the elections of May 1990. The four contributors to this article all gave up their active involvement in the scheme at or around the time of the elections.

Decentralization in Tower Hamlets involved the establishment of seven neighbourhoods that were given responsibility for service provision and policy making. Neighbourhoods were allocated an annual budget and then allowed to spend it to a large extent in line with their priorities. Each neighbourhood was run by the councillors elected for that area. As a result three out of seven neighbourhoods were Labour-controlled (this number increasing to four after the Liberals lost a by-election in 1988) despite the fact the Liberals had overall control of the authority. Each neighbourhood appointed its own chief executive and then obtained (by recruitment or transfer) a full complement of both support and front-line staff to provide a wide range of local authority services including housing, social services, environmental health, planning, arts, libraries, leisure, property management and community development.

The organization of the neighbourhoods varied but most kept a traditional, functionally based structure of management and service delivery. In all neighbourhoods a First Stop Shop was established which provided an initial point of contact for the public to gain information and access to the full range of local authority services. This facility was usually located in a neighbourhood centre based in each of the

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areas. Most of the neighbourhoods also had several decentralized estate-based offices providing housing services.

Decentralization in Tower Hamlets devolved considerable political and administrative control to the neighbourhoods, which in effect became 'mini-town halls'. The centre retained some influence as the positions of borough chief executive, treasurer and social services director were retained but other chief officer posts were abolished. At the political level a powerful Liberal-controlled policy and resources committee (together with associated sub-committees) provided a focus for borough-wide policy and decision-making. All other main service committees were abolished with the exception of social services. For an evaluation and more detailed description of the scheme see Lowndes and Stoker (1992, forthcoming).

By way of further background it is important to note that Tower Hamlets is an area with considerable economic and social problems. Much of the housing in the area is managed by the local authority and there is high use by residents of local authority services and a heavy reliance on state support and benefits.

This article contains contributions from a councillor and an officer from each of two neighbourhoods: Globe Town and Stepney. Globe Town, during the period 1986-90, was controlled by the Liberals while Stepney was during that period in the hands of Labour. Globe Town's population was about 15,000; Stepney's was about 20,000. What emerges from the contributions below is a shared belief that decentralization has improved the delivery of some services but beyond that a conflicting range of assessments of its strengths and weaknesses.

SEAN BAINE, FORMER CHIEF EXECUTIVE STEPNEY NEIGHBOURHOOD

The first important point to stress is that, in many respects, small is beautiful. Serving a population of around 20,000 meant that, as a chief officer, I had an intimate knowledge of the area I was responsible for – its population, its estates, its roads, its institutions such as schools and its representative bodies, whether tenants associations or other forms of voluntary organization. This concentration on a small area by myself and my senior managers resulted in a distinct improvement in the delivery of many basic services from housing repairs, to a reduction in void properties, better horticultural maintenance, improved refuse collection and street cleansing (although it has to be said that this service in Tower Hamlets was historically very poor and any change was likely to produce an improvement). The improvement came about through a combination of our own local knowledge and consistent pressure from local organizations and from the councillors who sat on the neighbourhood committee. The reality was that there was nowhere for us to escape to, no large and remote bureaucracy in which we could hide.

Improved access and performance

Increased community involvement and control was therefore a distinct gain. Tenants as individuals had better access to the system through the Estate Bases, and through the First Stop Shop. Tenants associations were represented on the Tenants Advisory Committee and there were also different user groups for particular aspects of service delivery – a Cleansing Users Group, a Stepney Green Users

Group for the major open space development in the neighbourhood and a Tower House Steering Group planning the future use of a large hostel for single men which had been closed. Above all, groups knew where to go with complaints and to get action. Overall the responsiveness of local government was improved, even if there were still concerns about the extent of the involvement e.g. tenants associations were largely white and middle aged.

Another feature was the increased accountability of councillors. Members were constantly taking decisions about matters that they had intimate knowledge of, and about which they knew they could be questioned by local people. A good example is that of planning applications. When these are dealt with at a borough level members often do not have intimate knowledge of many of the applications they deal with. In the neighbourhood system this does not apply – every address was known by the local ward councillors, as was its history, and this provided a good base for making decisions.

From an officer point of view decentralization also worked from two other perspectives – coordination between services and use of resources. Having all services in one department meant that they worked better together. Partly this was due to simple proximity of staff, for example having leisure, landscape and planning staff sitting next to each other meant constant interaction about open space in the neighbourhood, including development of a major piece of open space (Stepney Green) that had been neglected for years. But the neighbourhood system also meant that key groups of staff could be brought together to tackle particular tasks. So a regular meeting of housing, leisure and technical staff, with myself as chair, managed the neighbourhood capital programmes of some £14 million (including achieving a spend right on target) in a way that I do not believe is possible when large major borough departments with their own interests are involved. In another area a meeting of key senior staff in housing and social services was able to sort out housing issues for families and individuals in the severest need. There was still lack of communication in some areas e.g. between housing and social services at estate level and between housing and planning but at least the problems were potentially resolvable once recognized.

Flexibility in the use of resources was a major gain. Once the annual budget was fixed by policy and resources committees it was up to neighbourhoods as to how they spent that money – no references to a central committee were needed to move money between budget heads. Similarly the fixing of establishments and the filling of vacancies was for neighbourhood decision. This allowed money to be moved to meet locally determined priorities and posts to be filled that were considered priority from a neighbourhood point of view. Flexibility even extended to allowing a carry forward of underspends from one year to the next, unheard of for departments in a traditional local government set-up. The drawback for Stepney in terms of resources was that the budget was fixed largely according to history, rather than need. Needs-based budgeting was being developed but had not yet been introduced which meant that Stepney had less resources than it was entitled to.

The limitations of decentralization

However, it must be emphasized that the financial flexibility gained was within limits laid down by the centre and that the centre was able to set the limits without any reference to their effects on the ground. In essence the making of reductions was passed down the line to neighbourhoods and overall political responsibility at a borough-wide level was denied. Indeed at the centre it could be claimed that additional money was being put into social services centrally for specific developments, while neighbourhood overall cash limits were being reduced to levels that would mean increased vacancies for social services staff and cuts in social services provision.

In other ways, too, decentralization led to a denial of central policy making in areas that cried out for it. It was ridiculous to construct promotion of employment and job training policies at a neighbourhood level when the markets for jobs were wider than even the borough level. Development of community care strategies were needed for the borough as a whole, particularly where specialized services needed to be constructed for small groups of clients. However, despite there being a director of social services for the whole borough with statutory responsibilities, there was no understood mechanism for ensuring the production and implementation of plans to deal with all the new legislation. I chaired a borough-wide joint development group, which included health service staff, on services for people with learning difficulties which produced a series of recommendations on case management and a review of existing cases. But there was no authority that enabled these recommendations to be carried into action in neighbourhoods where it was felt that this group was not a priority or that existing policies and procedures were satisfactory.

Another area of crucial importance in Tower Hamlets where the need for central direction was great was equal opportunities and particularly race. The Labour-controlled neighbourhoods did pursue vigorous equal opportunities policies, both in terms of employment and service delivery. However the Bangladeshi and other ethnic minority populations did not operate on a neighbourhood basis but in networks and organizations that spanned neighbourhoods. And there could be no consistency of treatment between neighbourhoods unless there was a borough-wide strategy. Of course the Liberals in Tower Hamlets were not interested in race as an issue, having been elected largely by a white populist tenant vote. By defining race as a neighbourhood issue it was easy for them to avoid having to do anything about it.

My central contention would be that the decentralized system had distinct benefits when it came to the delivery of many of the basic local government services – housing repairs and maintenance, most planning applications, refuse collection and street cleansing and supporting local community activity in social services and leisure. But it failed to come to terms with the larger issues of policy and innovation e.g. employment, race, community care. This was because the role of the centre was never clear. The centre continued to exist but never had an understood strategic competence and authority. In essence this was because the Liberal-controlled neighbourhoods would never allow it. They resented the role of the centre as much

as the Labour-controlled neighbourhoods did. And they also resisted what might have been the alternative way forward – a form of federalism where neighbourhoods came together across political divides to decide on the strategic issues. This worked very well in one area, that of compulsory competitive tendering where the work was done by neighbourhoods acting together. In other areas such as establishing recruitment procedures there was a considerable duplication of effort.

The Liberals did allow some neighbourhoods to be run by Labour (in itself a very radical move) but they were cautious about cooperating with those neighbourhoods on common issues. This was partly due to straightforward political distrust but it was also due to a myopic belief that single neighbourhoods were the answer to all problems. The result was that while decentralization achieved some very important gains in service delivery it fell short of producing a system that could cope adequately with all the new issues now facing local government. In that sense the decentralized system in Tower Hamlets will fail to meet all the challenges of the 1990s.

SUSAN CARLYLE, FORMER LABOUR COUNCILLOR STEPNEY NEIGHBOURHOOD:

It was a contradiction to be involved in the detailed aspects of council service delivery and appointing staff, and yet not support decentralization. We were critical of the system and its haste, lack of consultation, unrealistic timetables, and the creation of competitive spirit between neighbourhoods. Nevertheless not to participate would have been politically irresponsible. The task was to produce Labour decentralization policies in neighbourhoods as an answer to the mass privatization and waste elsewhere.

The challenge of great need

The task was massive. The Labour neighbourhoods which were south of the borough had great concentrations of deprivation. Stepney has some of the worst housing in Tower Hamlets in terms of basic design and structural faults and lacks a decent surrounding environment. No council leisure facilities existed other than a small branch library. The majority of the estates had a neglected, run-down quality following the demise of the GLC which had catered for over half the housing. The growing Bangladeshi community was concentrated in severely overcrowded conditions in St. Mary's Ward and on the Ocean Estate in certain blocks. The few houses with gardens were sold under Right to Buy. Transfers were severely restricted because of lack of a house building programme following government housing cuts in finance and there was little land left for any expansion.

If every budget had been based on the needs of our residents and their living conditions and lack of facilities, Stepney would have received realistic funding. Instead the Liberals chose to base funding on a system which favoured their own areas. As improvements occurred in Liberal neighbourhoods, tenants in Stepney could not accept this inequality and blamed Labour.

The policy of sell-off and barter deals in Liberal areas was one we would not entertain and our major improvements were obtained through homeless allocations from the DoE as a result of direct lobbying of William Waldegrave (then

Minister of Housing). In this way we saved three tower blocks with 90 units for rent. Other blocks on the Ocean and elsewhere in the neighbourhood were part of future bids for government direct allocations but the process was slow. Other capital schemes were implemented through the decentralized capital programmes, but the funding was low and it was not allocated to neighbourhoods on the basis of need.

The scope and limitations of decentralization

Where we were left to run the area the provision of services was new and exciting, particularly in terms of the First Stop Shop idea. There was an increased involvement of local people. However I think it caused further parochialism which took the form of a negative attitude towards minorities. They increasingly became targeted for complaints when the system was not operating well, particularly on housing transfers, and where Bengali people were being rehoused onto estates where they previously had not lived. Racist attitudes were hard to check. There were incidents of pigs trotters nailed to the door and flats vandalized to prevent occupation by new Bengali tenants.

Our initiatives were hampered by the Liberal-controlled centre. Our major environmental improvement on Stepney Green involved putting together a multi-funding package, dealing with three landowners, and trying to use planning gain money from an office development scheme. The Liberals who were councillors in the neighbourhood (but in a minority) abstained from supporting the initiative, rarely attended public consultations and tried to frustrate a local annual summer festival on the green. Finally, those Liberals ensured that the planning gain issue was taken to the centre on the basis that it had 'borough-wide' implications. This undermined the initiative and our autonomy as a neighbourhood.

Other Labour neighbourhoods also found that, with respect to developments on which they expected to raise planning gain (in order to siphon into improvements or develop housing for rent), the system operated against them. Bow could sell wholesale, Globe Town could auction most of its high street shops to pay for estate improvements but Stepney, the Isle of Dogs and Wapping had projects plucked out of their hands for 'borough-wide reasons'.

A by-election in 1988 evened the numbers on the full council leaving the Liberals in control on the casting vote of the Mayor. Meetings were reduced to a mere handful per year. Members of the council rarely saw each other unless they sat on central committees. The atmosphere was poisonous and the Labour neighbourhoods increasingly were targeted and openly discriminated against by the Liberal-controlled centre.

The electorate in 1990 gave the Liberals a larger majority and indeed Stepney Neighbourhood went from Labour to Liberal. Soon the true dangers of decentralized politics emerged. Within days, 48 officers were on a target 'hit list', bilingual signs on estates were stopped, playschemes and minority ethnic groups suffered cuts in funding. A successful multi-cultural neighbourhood festival was banned and even the paintings on the committee room wall were taken down.

My main conclusion is that it is a mistake to build isolated pools of local

government and that central control of decision making is crucial to maintaining consistent provision and equitable distribution of resources. Some services like housing, local planning, environmental improvement, and leisure benefited from a local focus, but many other services suffered and much expertise has been lost in the rush to build little kingdoms.

STEVE CHARTERS, FORMER LIBERAL COUNCILLOR GLOBE TOWN NEIGHBOURHOOD

The style of Liberals in Tower Hamlets from 1986 was very much coloured by our experience in opposition for the previous eight years. Unlike many local authorities, a single party had dominated since the war. The direction of the council was very tightly controlled by a few senior councillors, and a few senior officers. All opposition, whether internally in the Labour Party or externally from Liberals, was completely excluded from power. The fact that the culture of the organization did not have a tradition of variable political control thus shaped the attitudes of the new councillors, who were suspicious of those officers who had hitherto operated the system, and whom they considered often insular in their approach. The year 1986 therefore marked a revolution for local government in Tower Hamlets not merely in terms of a new policy, but more fundamentally, a new dynamic, aggressively imposed culture.

The launching of the scheme

Decentralization as a method of dealing with and spreading power is generally thought to stem from a libertarian political tradition. The new councillors' implementation of the policy was decidedly authoritarian. With a small majority and no party whip system, the Liberals had to become extremely cohesive, and operate in a tight structure. Only one major vote was lost in four years on the basis of internal dissent. Councillors in some cases supported proposals on decentralization which they might not have been entirely happy with. There was however a substantial level of internal debate to ensure that agreement on the process of structural change could be reached.

A single front was presented to the outside world, and particularly to council officers. Officers were told that the policy of decentralization was to be implemented, and if they were not prepared to co-operate then they could leave. Control of implementation was placed politically in a decentralization committee, and given administratively to a small group of politically acceptable senior officers. These two groups were given wide ranging powers enabling them to reshape the council structure in its entirety, and then (subject to consultation with and procedural agreement from the unions) to transfer staff from central departments into the neighbourhood structures.

The point of this rather centralist process was distinctly non-centralist, to create a situation of empowerment. Four consequences flow from this and are examined below.

The impact of decentralization

First, the central power of the old officer hierarchy was broken down. Many of the officers remained, but in a new context which they understood less well than the councillors. Officers were taken out of their old assumptions and contacts. This created the environment for the politically dominant (as opposed to administratively dominant) culture that we sought to create. Disorientated officers could do less to hinder political direction in the neighbourhoods. At the same time new officers could be brought in from outside, and, crucially, good middle-ranking officers were moved up to positions of responsibility, in a system that gave them more freedom.

The second consequence of decentralization was that councillors had far more control. The decisions that they were taking related either to their own ward, or an adjacent ward which was part of the same community, and on planning, housing and a host of other subjects, they knew the area affected by the decision better than the officers who advised them. Suddenly councillors were taking more informed decisions. It was noticeable that whereas previously, on the development committee, 95 per cent of planning applications went through on the nod, under the new system most of them were discussed. That, we felt, was good for democracy.

The third result of decentralization was that the culture of the neighbourhood was set by members rather than officers. My own neighbourhood, Globe Town, had a strong emphasis on: co-operative working between members and officers, extensive community consultation, multi-disciplinary working, and developing a strong sense of community. We also had a tendency to do too much, in too many directions at once! Having set the culture, we tended to attract and appoint like-minded officers. Other neighbourhoods had very different cultures. The new, smaller structure and the chance to give chosen officers more power allowed our vision of the (neighbourhood) authority to be taken forward in a way which councillors would never be able to do in a large established authority.

Finally, the decentralized system allowed the opposition, for the first time anywhere in a UK public authority, to be given genuine decision-making powers, with control of resources, which were distributed on an equitable basis. The powers of any neighbourhood were limited but there is no doubt that for some 98 per cent of the time they had genuine autonomy in a way that they would not have in a traditional local authority system. For better or worse, the electors of a small community were managed by the politicians of their choice.

Adverse consequences

Two adverse effects were clear on the role of councillors in the new system. The first related to time involvement. The old system made serious time demands on 10 per cent of councillors; the new system made demands on 90 per cent. This was particularly apparent in the smaller neighbourhoods, or those with a large opposition group. The continual pressing forward of policies, the development of interactive processes between officers and councillors, and the level of community consultation, meant that the time spent in meetings increased substantially.

Formal committee meetings did not increase, but working groups, and more importantly informal discussions with one or two officers, became the norm for all councillors.

A second critical problem arose over disputes between the neighbourhoods and central departments. The central departments, having seen their power decline reasserted themselves in an effort to create a meaning for their continued existence. In this they were supported by some majority group members who were in the unfortunate position of being part of a controlling group, but in the opposition in their own neighbourhood. This ambiguous position caused them to seek a role in the centre, and resulted in them supporting a growing central power. Many of us in the neighbourhoods (even those who had already spent some time in a central role) had to expend too much energy merely defending our neighbourhood and the original concept of local autonomy, from a centre that could not distinguish between essential monitoring and aggressive interference.

I have three concluding points. The first is that the system as we developed it was anti-professional and strengthened local decision making. Further, in Globe Town, the officers we attracted tended to be those who were most suspicious of traditional professional barriers and most committed to generic working. Secondly, it was clearly councillors who determined the culture for the neighbourhood. Policy making (and obviously policy implementation) involved the officers substantially, but vision and ethos were more clearly set by members than within a traditional structure. Thirdly, it was exciting; the time cost was substantial, but the chance to shape, to be involved at all levels, to pursue interests, and to see them immediately implemented was totally absorbing.

TONY DU SAUTOY, FORMER CHIEF EXECUTIVE, GLOBE TOWN NEIGHBOURHOOD

When I arrived in February 1987, I was the only employee of the neighbourhood, until the first practical decentralization (of housing) took place some three months later. The devolution of both resources and decision making within a small urban area provided a unique opportunity to restructure services and working arrangements. Decentralization became the catalyst for rapid and radical changes in work practices and culture.

There were quite remarkable advances in customer orientation and client accountability. Rigid departmentalism decreased dramatically, and a new style evolved with the emphasis on innovation and entrepreneurial attitudes to problem solving. Even with the supposed diseconomies of scale, service levels improved. In housing, for example, rent arrears dropped to 5 per cent, and short-term voids to 1 per cent.

The following initiatives in my neighbourhood could have happened elsewhere, but the volume of innovation and the speed of change were the consequence of a momentum and a commitment from members, officers and residents which could only have been possible in a decentralized system. Out of many developments, it is worth singling out:

Estate based service: All estates in the neighbourhood are now covered by a

local housing office, serving 6–900 dwellings each. All have local committees of tenants, officers, and ward members, with their own budgets. One base was the subject of a pilot to provide a full range of statutory and voluntary services (including health) at that level.

Participation: An advisory committee of tenants and residents considers all neighbourhood business, supported by a youth forum, and elderly persons advisory committee, a voluntary bodies forum and a racial incidents panel. One estate committee is negotiating to become a management co-operative, as the next stage of its development as a self-governing housing unit.

Contracting: Globe Town is contracting with a voluntary agency for the provision of all the neighbourhood's word processing and telephonists by disabled staff, trained and employed by them. This fulfils two objectives; ensuring the availability of well-trained staff and offering employment opportunities to disabled people. A similar approach followed with a contract with Citizens' Advice Bureau to provide a comprehensive welfare and money advice service from within the neighbourhood centre, and a contract with Age Concern to run a respite care and intensive day centre for frail elderly people in a redundant council building.

Capital Programme: The neighbourhood capital programme inevitably focused on the massive backlog of major repairs caused by years of inadequate planned maintenance. Since its capital allocation was only £1m., a review of unused and underused assets led to an aggressive disposals policy to use the funds for capital works before new controls took effect. Actual spend for 1988/9 was £8m., and for 1989/90 a massive £20m. In addition, a number of other schemes, involving housing associations and private finance succeeded in creating new social housing in an area of great need.

Success

Service volumes increased dramatically. The most striking example was in housing, where expenditure on repairs and improvements doubled in each of three years. This was not achieved by abandoning other services: home care hours in the neighbourhood, for example, increased by 40 per cent.

The key to this improved service delivery was decentralization accompanied by a change in culture and management. Increased customer orientation, consumer involvement, innovation, professional co-ordination, closer support services, genuine joint working between members, officers and the community, and real accountability all contributed to an environment in which the commitment and talent of staff could be liberated. I was led to believe that the staff in Tower Hamlets were dull and unresponsive, lazy and militant. Nothing could have been further from the truth. Their willingness to take on responsibility, their contribution to service development, and their commitment to their customers showed that their poor record had more to do with their suppression by the system than any defects on their part.

However, this new level of achievement by staff has not been at the expense of political direction; rather it has become more effective because the achievement orientation and new working models mean that political goals are explicit and not

swamped by the system. The close working relationship between councillors and officers within the community ensured that political goals were always understood and incorporated into action.

A MORI poll conducted in early 1990 provided evidence of the public's positive response at least in Globe Town. Overall satisfaction levels in the neighbourhood were, at 71 per cent, amongst the highest ever recorded by MORI, and compared with figures in the low forties for Tower Hamlets as a whole and for other inner London authorities. Perhaps the most surprising result was the very high figure of neighbourhood awareness (nearly 90 per cent) in an area that had not existed as a named locality for more than a century until three years before.

Problems

All was not rosy, however, and it has to be said that there were some aspects of decentralization which were far from productive.

In the main these stemmed from the lack of a clear role for the centre. The number of staff who remained in central departments remained extraordinarily high for an authority which became virtually self-sufficient at the local level. There was an institutional antagonism between the neighbourhoods and the centre. Without a 'neighbourhood charter' of the sort I consistently urged (without success) to define and regulate the respective duties and responsibilities of each party, the relationship began to become destructive. Central officers found a role in attacking the deficiencies of neighbourhoods, a process soon picked up by central committees, many of which were chaired by Liberals members who were in opposition in their neighbourhoods. Their views were inevitably coloured by their wish to proscribe activity in that neighbourhood of which they disapproved, even if in the process they caused difficulties in areas where their own party was in control.

The Performance Review Sub-Committee, assumed the reputation of the Star Chamber. Before it started to address issues of comparative performance and service quality (only after each neighbourhood had already established its own individual systems) the sub-committee oversaw an aggressive programme of audit of building contracts, concentrating on compliance with procedures which were, in themselves, designed to confuse. A number of high profile investigations and disciplinary proceedings seriously damaged the morale of front line staff trying to grapple with both the pressures of customer demand and procedural compliance.

A related problem was the legacy of poor member/officer relations. At the neighbourhood level this problem was overcome but elsewhere things really never improved. To illustrate this, it may be worth recording the turnover of senior management during my 39 months in Tower Hamlets. I served on a Borough Management Board under no less than three chief executives, and as many acting chief executives. Seven central chief officers departed, as did several neighbourhood chief executives. It was far from unusual for posts to be held for less than a year.

Notwithstanding these critical points I remain a convinced proponent of decentralization. I have come to believe that no unit of local government is too small, provided that people are trusted to operate flexibly and empowered to find and use solutions which work. There is no doubt that decentralization in Tower

NOTES AND SURVEYS

PUBLIC ADMINISTRATION AND PRIVATE MANAGEMENT. IS THERE A DIFFERENCE?

Bathed in the ambience of the enterprise culture there are strong pressures in Britain to push public administration along the business and management route (Elcock 1986; Kingdom 1986; Gunn 1987; Chandler 1988). Recently, several degree courses have been established in public management, as opposed to administration. Pressure has been placed on some existing public administration degrees to merge with business studies courses (Chandler 1988). BTEC (Business and Technician Education Council) resolutely adopts a managerial approach to the subject (Kingdom 1986; Chapman 1987). A crucial question confronting academics designing a public administration course today is the extent to which they should welcome or avoid the managerial, business studies approach.

THE PUBLIC PRIVATE DIVIDE

Traditionally, the study of public administration is based on the belief that there is a major difference between private and public administration and management. The institutionally established presence in Britain of differing public and business studies traditions can readily be perceived in any review of course content. Of the 156 business, management and accountancy undergraduate degree courses listed in the CRAC guide, virtually all have a significant compulsory element of economics and most have a compulsory element of accountancy and finance and of quantitative methods (CRAC (Careers Research and Advisory Centre) 1988, vol. I, p. 31–8). Only 13 listed a compulsory politics element and of these in only 6 was politics more than 5 per cent of the curricular hours. Politics as an option was only available in 36 per cent of the courses. Sociology and ethics which are not separately listed in the CRAC guide seem even more unrepresented. In contrast, all of the first degree public administration courses in Britain have a compulsory politics element and most contain sociology and ethics at least as options. In addition, public administration courses all have a compulsory economics element and have management courses. A more detailed consideration of the syllabuses of typical business studies degrees further emphasizes their tendency to contemplate the inner workings of business in terms of the three 'Es' of economy, efficiency and effectiveness, without any apparent realization that these are, in themselves, value-laden concepts (Elcock 1986).

Business studies courses primarily stem from an economics base and concentrate on management techniques as a process to be accommodated in an environment that is fixed, given and unquestioned. Indeed, the term, 'business studies' is, arguably, a misnomer since the curricula for these courses rarely study the nature of business in its environmental and developmental context but concentrate on techniques within the process of business. Public administration courses emerge from the discipline of politics to consider not only management but also the wider context in which public sector organizations operate. They ask the student to consider not only whether the practice of management in the public sector could be conducted more efficiently but also whether what is being managed is worth undertaking and will achieve the values it is supposed to uphold.

THE ARGUMENTS FOR A DISTINCTIVE STUDY OF PUBLIC ADMINISTRATION

The traditional distinction between private and public curricula has had substantive academic backing from public administrators concerned to defend the integrity of their discipline from the rising tide of generic management studies (Allison 1979; Rainey, Backoff and Levine 1976; Kingdom 1986; Ransom and Stewart 1989). It is possible, at the risk of some simplification, to summarize these factors into the following arguments:—

Private sector organizations are not publicly accountable and, therefore, not subject to as many legal and political constraints as are faced by the public sector.

Private businesses have tangible, clearly defined goals that are entailed by the need to make a profit. Public organizations have less tangible and at times conflicting goals which will often involve ethical values that cannot be easily measured.

Public organizations tend to be monopolies that can ensure participation and compliance from the public through coercion.

As a consequence of these factors, private sector organizations must require cost-efficient management practices to secure their goals and have rational personnel practices linked to individual performance. Public sector organizations can be less cost efficient and use more irrational personnel practices.

Ransom and Stewart (1989) argue on more collectivist lines than would be tolerable to mainstream American thought that the public domain encapsulates concerns for the community that are not inherent in private management. The fundamental purpose of the public domain is to constitute social and political preconditions that make society possible: to create those agreements which enable social life to proceed and develop' (1989, p. 9). This attribute is not part of private actions which seek to fulfil individual objectives or those of a specific group.

Managing in the public domain is correspondingly a uniquely complex management task. The management task in the private domain is a singular (linear) task serving individual wants. In the public domain, managers have a multilinear task to serve an unlimited variety of individual needs and create collective welfare (1989), p. 19).

DO PUBLIC ADMINISTRATORS PROTEST TOO MUCH?

It is the contention of this article that these assertions of apartheid between private and public sector administration are misplaced. Probably unwittingly, exponents of generic management do not suggest that public administrators should undertake a rigorous course of private sector management, but, in contrast, imply that there is a need for most traditional business management syllabuses to take on some of the concerns of public administrators. Judging by the enthusiasm of public sector employees to take traditional management degrees, it is not, however, clear that most advocates of generic management realize this implication.

Private businesses are, unlike the public sector, not accountable to public opinion
This argument is only valid in the most narrowly legal sense that private businesses are not controlled by publicly elected managers or politicians. As Murray (1975) points out, private sector firms are as likely to be subject to public scrutiny as government. He cites Daniel Bell to substantiate the point that:

in the post-industrial society every organisation is politicised, including the private firm. A specific change is increase in public regulation of the so called 'private firm.' The regulation of air and water pollution is only one example; automobile safety and airline schedules are others...private firms are not dispensed from public scrutiny (1975, p. 367).

Problems and possible disaster awaits any major business that fails to consider the interests of others. A large chemical company which pollutes the environment or creates a hazard to public safety will find itself besieged by aggrieved complainants who may, if they fail to gain redress, seek government control of their organization or create an adverse public image that undermines its sales, profitability and growth. Major industries and financial institutions will also be subject to public scrutiny and regulation since their activities will be of significance to the national economy. Some large firms will also be drawn into the arena of public debate and policy because they rely on government contracts which can involve politically sensitive goods and services.

Large businesses also need to court public opinion in order to sustain their aims and objectives. Just as a government has to project a favourable public press, many large firms seek wide-spread support to ensure an image that will guarantee greater sales as well as prevent public encroachment on their interests. A soft drinks company, for example, may not be manufacturing a product vital to the well being of the human race but it will achieve its aims of profitability and corporate growth more securely if it can maintain a favourable public image.

It is, of course, possible for private sector organizations to ignore criticisms of anti-social behaviour and even use its resources to undermine and neutralize its critics. Such behaviour is daily practised not only by private companies but by political parties and bureaucrats in government. The art of countering public criticism is, however, a practice requiring sociological, political and ethical understanding. Attempts to deceive may, moreover, fail when practised by private business just as much as the deceitful wiles of governments can rebound upon their

heads. If, for example, a company is seen to have neglected public safety, such as Townsend Thoreson with the sinking of their ferry at Zeebrugge, the consequences may be, as in this case, the extinction of the company.

Profits are the sole objective of the private sector

Murray points out that concentration on profit alone: 'distorts or minimises other advantageous business activities such as products, services, employment, and all other "hidden hand" effects of community and social contribution.' On the other hand 'Government projects are notoriously subject to cost-benefit analysis, and efficiency in government is a by-word for bureaucrats' (1975, p. 365).

The contention that private firms only aim to make a profit is a bland and misleading assertion of the same order as the observation that all political parties seek votes. In order to achieve their goal they must have a wide range of supplementary objectives. A socialist party requires votes on the basis of securing support for egalitarian policies. A firm obtains profit, for example, by ensuring that there is a wide-spread desire to imbibe a soft drink known to rot teeth and stomach linings.

Governments act as monopolies, the private sector is competitive

The assertion that government is the only monopolistic organization in liberal democracies seems oblivious of the many private bodies that have, if not the sole capacity to supply particular commodities, at least as much power to coerce consumers to accept their terms for delivering the service as does a government body. Privatized British Telecom provides a more inescapable monopoly for those wishing to use a telephone service than the state provides over education.

The private sector is forced to be cost effective and to adopt rational management practices

Despite the views of public choice theory, much psephological evidence suggests that elections can be won and lost on economic issues including taxation levels and provision of services. Unelected public bodies can seldom shelter from demands for efficiency as their elected paymaster, the government, may expect them to save money and prevent tax increases. If a QUANGO is self-funded, aggrieved clients will not tolerate exorbitant costs for their services. Many public sector service delivery organizations compete with the private sector so that there is considerable pressure on government agencies to be cost effective. There are, therefore, many pressures on public bodies to provide value for money efficiently.

Given that private organizations are as likely as public organizations to be concerned to influence the social, political and ethical environment, this sector is also as subject to the argument that it is impossible to impose rational and efficient methods of management on all central elements of the work of an organization. Murray also observes that

in terms of efficiency it is difficult to compare the two areas. . . . Is the Supreme Court less efficient in protecting the first amendment than General Motors is in producing cars? . . . To go even further, it is difficult to make comparisons

within a particular area, public or private. For example in the so called private sector is the *New York Times* more or less efficient in producing news than the Chicago Bears organisation is in producing entertainment? (1975, p. 369).

The question of comparative efficiency is, therefore, often insoluble, regardless of whether public or private sector organizations are being compared.

The public, unlike the private sector, has a collective responsibility to society Many of the factors considered previously are rooted in the corporate relationships between government and industry. The importance of closed and interdependent circles of decision making at the heart of most capitalist liberal democracies has been extensively documented and analysed. This relationship does not, however, appear to have percolated into debates on public administration and management. It is clearly apparent that, where corporate ties are necessary between government and private sector, it makes little sense to suggest, at least at the higher levels of management, that a public/private distinction makes much sense. At this level private sector managers must be as concerned about the public image and political environment of their organization as central government.

Given this close corporate inter-relationship, Ransom and Stewart (1989) appear to be bent on a totalitarian path if they insist that responsibility for collective action rests solely with the public sector. Since private organizations inevitably affect the collectivity, the implication of Stewart and Ransom's argument is that the public sector must regulate the private whenever its actions have a collective impact. This would enfold almost all actions of trading organizations and the aim would be best fulfilled by wholesale state ownership. Whilst this is an arguably valuable end it is one that would undermine the need for a private/public distinction by removing the private altogether. Assuming that Ransom and Stewart have no wish to pursue this state collectivist path, they then imply that the private sector is not bound by the canons of public morality and can without qualms pursue actions that benefit solely their enterprise regardless of wider public cost. In a pluralist society it is surely better to ensure that managers are trained to understand the wider implications of their actions, and, like public servants, be prepared to consider more than just the narrow self-interest of their organization.

THE POLITICAL AND ETHICAL DIMENSION OF BUSINESS

The message that permeates this analysis is that private businesses are as likely as public organizations to engage in activities that require a thorough understanding of the social, political and moral environment in which they operate and that the study of management and business is no more a precise scientific wholly quantifiable study than public administration. Public and private administration are convergent because the private sector businessman needs to be as sensitive as the public administrator to factors such as public opinion, government policy or immoral misuse of a monopolistic position. If this is the case, then serious questions should be raised about the relevance of the narrow economic and managerial aspects of business studies rather than the appropriateness of politics or sociology to public administration courses.

It is clearly as important that business managers as much as public administrators receive an understanding of the social and political environment in which they must operate. Directors of the major banks, defence contractors or suppliers of power and fuel must not only be aware of the operations and policy of government but also have practical skills to negotiate within the political arena. At lower levels of management a personnel officer must be aware of the political mood and environment of his staff when entering a round of pay negotiations whilst a bank manager needs to understand how international events may affect exchange rates before assessing the advisability of a loan to finance a client's export drive. A salesman who has insufficient political or social nous to sell life insurance to social security recipients or ham sandwiches to the Chief Rabbi will make little headway in his chosen career.

Private and public sector managers not only inhabit a similar political world but also need to consider their moral stance in society. If the private sector, and more importantly society, is to flourish business must attend to moral values. Absence of ethical studies in business studies or public administration degrees suggests to students that the ends and means of an enterprise is a given value that should not be questioned. No one should, of course, deny the importance of studying the three 'Es' of efficiency, equity and economy but, as Stewart has observed, (1989) it is a valueless exercise without further moral considerations. The three 'Es' are ethically secondary values that only have merit worthy of pursuit if affixed to some more primary value. Simple concentration on enhancing secondary values can lead to ethical difficulties which, not only may be objectionable in themselves, but can also undermine the whole enterprise. Do we really want efficient drug smuggling rings or chemical weapons manufacturers? If the production of DDT kills more than harmful creepy crawlies should its production be made more economic? The pursuit of good management and efficiency is only a worthwhile exercise if it is applied to enterprise that is positively of value to both individuals and society. Most business studies courses in Britain appear to be able to dispute how best Hitler's SS could manage the cost, loading and dispatch of cattle trucks to Auschwitz but could give no guidance as to the morality of facilitating the final solution.

WHEN DOES A PUBLIC/PRIVATE DISTINCTION WORK?

Not all private business concerns have a strongly political edge. The techniques and understanding required to manage a one man grocery business are, for example, unlikely to be the same as those essential to the management of a multi-national company. A corner shop grocer is clearly not accountable to the public at large. His business is not a monopoly and will sink or swim according to his ability to attract sufficient customers to enable him to trade at a profit. Should he fail, the disappearance of his enterprise will have little consequence for the public. The grocer is, like any individual, subject to a wide range of public and political pressures, but he rarely needs to concern himself with these issues in managing his business since he would have little ability to influence these factors.

This argument does not, however, travel very far up the managerial scale and

cannot readily be applied even to many lower level middle managers in the private sector. Administrators at graduate level who occupy these intermediate management positions in large-scale public or private organizations will frequently be involved in decisions requiring an understanding of the social environment. The middle manager by virtue of his coordinating role is likely to be dealing with a subordinate workforce, a public that form his clients or customers, and another sector of the public that may be affected by his actions. A career grade administrator for a private property company, a housing association or a local authority housing department will, for example, have to make decisions on dealing with tenants with rent arrears or in preferential letting of property that will have ethical, sociological and political ramifications. Similarly, a personnel officer in the private sector is just as likely to encounter the same social, ethical and political problems as is faced by a counterpart working for a public sector concern. Moreover, as a manager advances in either the public or private sector to more senior positions he or she will be increasingly likely to be dealing with ethical and political problems.

Those who reach the highest level and make the most significant decisions will, therefore, be more effective if they are sufficiently educated to understand their role in society rather than simply the techniques to govern a market stall. Whilst public administration courses seem to be well structured to deal with the political and sociological issues that confront managers of large organizations the same does not appear to be true for business studies. Are we to conclude that most business and management courses are designed for owners of corner shops or individuals toiling at clerical as opposed to executive levels of large organizations? If so, is it healthy for public administration to follow such a formula?

CONCLUSION

Public administrators need not be defensive about the traditional content of the subject but, on the contrary, advocate its superior qualities as the foundation of study, education and training in the direction of large scale enterprise, irrespective of whether it lies in the public or private domains. The public administrator pursuing a traditional course of study should be armed not only with the ability to implement policy efficiently but also to make policy that is likely to be ethically, environmentally, politically and socially of value to the society which he or she cohabits with his fellows. A healthy pluralist society requires private business to act in this way or, should they fail in this respect, be forced to behave responsibly by public opinion acting directly on the business or, failing success in their endeavours, by democratic governments. Business studies courses ought, therefore, to develop a curriculum that has the richer variety of subjects that enhances traditional public administration syllabuses.

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AGENDA SETTING, PRESSURE GROUPS AND PUBLIC POLICY: ELECTRICITY GENERATION AND LIGNITE USE IN NORTHERN IRELAND

INTRODUCTION

One of the main planks of government policy under Mrs Thatcher was privatization. This has been consistently pursued on a variety of fronts in England, Wales and Scotland. In Northern Ireland, however, it has been applied in a slower and more circumspect manner, despite the allegedly unitary character of the United Kingdom. The following case study is an exploration of some of the factors involved, revolving around the privatization of the local electricity industry and how this related to the discovery of commercially viable sources of lignite in Northern Ireland.

The July 1988 decision not to exploit lignite deposits for electricity production came at a critical time for Northern Ireland Electricity (NIE) which has sole responsibility for the generation and supply of electricity in Northern Ireland. At that time NIE was under pressure to reduce its dependence on imported oil, which was considered feasible following the confirmation of a commercially viable indigenous supply of lignite. It needed increased generating capacity to meet the expected rise in demand for electricity but was also burdened with ageing power stations that needed to be replaced. Finally it was under increased pressure to keep the unit

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cost of electricity as low as possible, despite the high costs of production (DEDNI 1983).

NIE, however, was not the only interest involved. There were a large number of other interest groups, each seeking to have a say in shaping government policy on electricity in Northern Ireland. Furthermore, both new interests and further factors have come to the fore since then, which have resulted in a delay in the implementation of the original decision.

THE GROUPS INVOLVED

(i) The UK government's position

Under the system of Direct Rule in Northern Ireland, in existence since 1972, the region is administered by the Northern Ireland Civil Service, which has six departments. These departments are headed by ministers drawn from the party in power in the UK and the whole system is overseen by the Northern Ireland Office (NIO), whose political master is the Secretary of State for Northern Ireland, a member of the UK Cabinet. The Department of Economic Development (Northern Ireland) (DEDNI) has responsibility for both energy and mineral policy. For DEDNI the confirmation of commercially viable deposits of lignite was of key significance for its energy policy.

DEDNI, especially its then minister Mr. Peter Viggers, wished to see the exploitation of the lignite deposits for electricity production. Economically, this seemed to offer distinct advantages: cheaper electricity which would aid industry; provision of employment in mining, construction and power station operation; and stimulation of the economy in general (DEDNI 1983).

However, the costs associated with the project, including the construction of the power stations and the installation of mining equipment, were enormous (Borooah and Smyth n.d.). If accepted, they would represent the biggest single investment ever undertaken in the North. Furthermore, as the technical knowledge was not locally available to enable the exploitation of the lignite for electricity production there were both risks and costs associated with the acquisition of this technology, in all probability from Germany (Northern Ireland Assembly, 1984).

It is in this context that the then Secretary of State for Northern Ireland, Tom King, declared his preference for private sector development of the lignite deposits (*Belfast Telegraph* 21 Nov. 1986). Once in operation, it was envisaged that NIE would purchase the electricity output of the private sector and transfer it to the national grid.¹ Central government privatization policy can be seen as a key influence on this preference.

For the government this private sector involvement would not only mean that the private sector would incur the large debt necessary to finance the project but also that they would be the risk takers in the venture. However, as well as economic factors, political considerations also played a considerable role in shaping this option. Tom King saw a large-scale financial commitment by the private sector as a vote of confidence by investors, counteracting the 'troubled' image the North projects to the outside world (*Newsletter* 2 Feb. 1987). This, it was hoped, would have a knock-on effect and aid the attraction of further inward direct investment.

In the mid-1980s DEDNI requested a submission for tenders to construct and operate such a station. Three tenders, one from NIE and two from the private sector, were considered.

(ii) The private sector

Three main sites with commercially viable deposits of lignite were found: on the Eastern shores of Lough Neagh, at Crumlin and the Western shores at Ardboe/Moortown. These were explored by three companies, BP Coal eventually receiving the major exploration rights. A smaller English owned company, Greenmore Holdings was also involved. Further north, at Ballymoney, the Australian company Meekatharra Minerals undertook the exploration (BP Coal n.d.; Meekatharra 1987).

As well as the mining interests, two private sector consortia were involved. One of these, Antrim Power, was led by the USA Bechtel Corporation, Hanson Trust and GEC and directed by Sir Desmond Lorimer. The other, Loughside Power Company, was a consortium of international and local companies, including Northern Engineering Industries, Foster-Wheeler Energy and Costain, and was led by Sir Ewart Bell, the former Head of the Northern Ireland Civil Service (*Belfast Telegraph* 15 April 1986; 21 Nov. 1986; *New Society* 28 Aug. 1987). Not surprisingly, these private sector interests argued that the risk taking, the financing, and the acquisition of the technology, would be best undertaken by themselves.

Involvement in the project offered the private consortia a major profit opportunity and had a number of other advantages. First, the private company winning the tender would be offered a captive market and would thereby have a distinctive long-term advantage. Through this operation the private sector would become involved in the newest and most technologically advanced electricity production unit in the North. As NIE's ageing power stations came to the end of their useful life, the private sector station would become the chief electricity producer in the region and take the largest market share. However, the prospects of a private sector power station met with strong opposition both from NIE and the electricity unions.

(iii) The public sector

NIE had two main objections to government policy. First, they opposed the introduction of a private sector electricity producer and secondly, they were against the decision to build a new power station. Concerning the first of these proposals, NIE argued that their purchase of the private sector's electricity would be both economically disadvantageous and, in the long-term, threaten their own electricity generating operations.² Private sector involvement in the re-development of the North's electricity production posed a fundamental threat to NIE. It would result in their marginalization as producers and, in effect, would mean the introduction of privatization by a back-door method, allowing the government to avoid the kind of public scrutiny that the electricity sell-off is encountering in Britain.

Secondly NIE argued that, rather than building a new power station, the existing power station at Kilroot should be expanded. The Kilroot station was originally designed to incorporate a two-phase development and the capital equipment had already

been bought for Phase 2. NIE wanted the second phase of development to begin.

In the call for public sector development of existing resources NIE were supported by academics and a number of interest groups, including the Northern Ireland Consumer Council and the Northern Ireland Economic Council (General Consumer Council NI 1987; Northern Ireland Economic Council 1987). Throughout the controversy, among the chief and most vocal contributors to this debate were the trades unions.

(iv) The trades unions

NIE was supported in its opposition to the government's proposals by the electricity unions and the seven trades unions involved united to form an umbrella organization called the Federation of Unions Supplying Electricity (FUSE).³ The chief aim of FUSE was to halt the proposed privatization policy.⁴ FUSE, under the leadership of Pat McCartan, engaged in intensive lobbying against a private sector power station arguing that job losses, consumer price increases and unreliable supply would result if private sector production became a reality (FUSE n.d.).

It is important to note, however, that like NIE most of these groups were not opposed to exploitation of the lignite finds as such: rather, they wished to utilize existing resources, especially the capital equipment already purchased for Kilroot Phase 2. However, a radically different type of opposition developed against government policy, this time at the local level.

(v) Local pressure groups

Opposition to the exploitation of the lignite finds, irrespective of whether it would be carried out by the private or public sectors, developed at the local level around the Ardboe/Moortown district where the Western Lough Neagh deposits had been found. This district has a predominantly Catholic population, is rural and very traditional in nature. Eel fishing has remained the principal economic activity for over three hundred years.

Faced with the prospect of lignite mining in their area, local people expressed a number of concerns. They feared possible flooding of their townland by the mining operations which, in turn, would result in enforced re-settlement of the local population and, ultimately, the destruction of their community. They were also equally concerned about the environmental impact of open cast mining on the Lough's ecology (LAG n.d.).

These concerns led to the formation in 1984 of a Lignite Action Group (LAG), which received almost unanimous support from the local community. LAG's position was also supported by the wider community including the Royal Society for the Protection of Birds (RSPB). Lough Neagh is one of the largest fresh water lakes in Europe, a designated International Bird Sanctuary and is protected by the Ramsar Convention on the protection of wetlands, to which Britain is a signatory.

Besides engaging in protest, information gathering and educational activity LAG also engaged in petitioning and lobbying of the secretary of state and DEDNI.⁵ This activity has resulted in a government promise of a public inquiry if full mining licences are granted (Baker 1989). These discussions have continued throughout 1988-90 and have not yet reached agreement.

The opposition groups had a very different set of interests to those found in FUSE and NIE. These two groups did not work together to affect the outcome of the government's decision on the lignite deposits. Nevertheless, from the government's point of view the presence of the two groups combined to make the issues involved in their policy decision all the more complex. These interest groups held positions directly opposed to the policy options currently practised by both central and local government: the submission of economic decision making to (private) market principles. The government thus continuously delayed the decision concerning the lignite policy and it was not until July 1988 that it finally acted.

THE GOVERNMENT'S DECISION AND ITS SIGNIFICANCE

In July 1988 NIO issued a statement stating that there would be no immediate exploitation of Lough Neagh's lignite deposits for electricity production (*Belfast Telegraph* 15–16 July 1988). However, it was envisaged that the mining companies will continue their exploration of the deposits with a view to eventual mining. Furthermore, NIO stated that NIE would be privatized as soon as possible.

This analysis of the interests shaping the NIO's decision on the electricity supply industry would suggest that the single most important 'winners', certainly in the short term, were the opposition groups formed around LAG. These groups have succeeded in winning access to the policy-making process. Specifically, they have now consolidated their right to be consulted, opened up discussions with the private sector and the relevant government department and won the promise of a formal public inquiry if full mining licences are to be issued.

It is more revealing, however, to look at the decision from the government's point of view. Once the controversy surrounding the lignite deposits developed into a public policy issue a decision to postpone the exploitation of the lignite and to opt for a development of Kilroot Phase 2 had a number of distinctive advantages for it. On the one hand, it meant that the government was able to buy some time in the hope that the controversy would diminish. Similarly, it meant that government did not have to abandon their publicly stated preference for the private sector even if the timing of that involvement was not ripe. Indeed, by opting to develop the existing electricity supply industry they were making the industry all the more attractive for future sale. Furthermore, by utilizing the capital equipment already purchased for the Kilroot Phase 2 development, DEDNI could present themselves as rational actors at a time when budgetary considerations, value-for-money and financial appraisal are supposed to take precedence in policy decisions.⁶ However, while from an economic point of view the Kilroot Phase 2 decision was the most rational decision, government decisions, especially in the policy arena, are not always based upon rational decision-making criteria. Thus, it would seem better to see the decision concerning present development of electricity production as having been taken because it helped NIO in the future implementation of privatization policy which is one of the fundamental planks of central government economic policy.

NEW INTERESTS AND FACTORS SINCE THE 1988 DECISION: IMPLEMENTATION DELAY

Four major developments have since occurred that have delayed the implementation of the 1988 decision. The first is that BP Coal, the major company involved in prospecting in the Lough Neagh area, has decided to sell its interests in the region. This is part of a world-wide restructuring being undertaken by the company. As a consequence the environmental agreements, resulting from tripartite talks between DEDNI, LAG and BP Coal, will have to be renegotiated by the environmental groups involved. Secondly, the Ballymoney lignite deposits have proved to be richer than expected, resulting in more favourable reconsideration of the viability of a lignite-fired power station.⁷ Thirdly, the EC, via its directive on emission levels from large combustion plant, has raised the possibility that flue gas desulphurization may be needed for Kilroot 2, thus changing the relative cost advantages of this option (NIEC 1990). Finally, as a consequence of studies which indicate that size makes it less feasible to introduce market competition in the North's electricity supply industry, the application of privatization policy to Northern Ireland has been more widely questioned. Government has, as a result, become less than forthright in its public commitment to implementing this policy in the North. At present these factors have combined to delay the construction of Kilroot 2. The outcome, that is, the manner in which the 1988 decision will be implemented as well as its timing, remains to be seen. What is clear, however, is that despite the over-riding influence of central government policy on decision making regarding Northern Ireland's electricity supply sector, interests and considerations unique to Northern Ireland have combined to delay the implementation of this policy at the regional level.

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NOTES

1. The exact terms on which this purchase would take place were the subject of dispute between the electricity unions and DEDNI.
2. Author's interview with Pat McCartan, General Secretary FUSE, 17 Oct. 1988.
3. Seven unions are involved in FUSE: The Amalgamated Transport and General Workers Union; the Amalgamated Union of Engineering Workers; The Association of Managerial Electrical Executives; The Association of Professional, Executive, Clerical and Computer Staff; The Electrical, Telecommunications and Plumbing Union; General, Municipal, Boilermakers and Allied Trade Union; and, finally, The Electrical Power Engineers Association. Unless otherwise stated all references are to FUSE Northern Ireland.
4. Author's interview with Pat McCartan (above).
5. Author's interview with Niall Fitzduff, LAG, 22 Oct. 1988.
6. Author's interview with Senior DEDNI Official, 27 Oct. 1988.
7. In July 1990 the construction of a lignite-fired power station at Ballymoney was jointly proposed by Ballymoney Power Company and ABB Energy Ventures. This proposal has yet to be considered by DEDNI. See *The Irish News* 18 July 1990.

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1990 ANNUAL REPORT BY THE EDITOR

CONTENTS

During 1990 we published 20 long articles (6–8,000 words), 7 articles in 'Public Management' (3–4,000 words) and 2 'Notes' (2,000 words). They can be categorized as follows (1989 figures in brackets):

TABLE 1 Articles published in 1990

	<i>Long Articles</i>	<i>Public Management, etc.</i>
Contemporary policy issues, UK	11 (12)	8 (3)
Contemporary policy issues, comparative	3 (4)	(3)
Theoretical	4 (2)	(–)
Historical	2 (1)	(–)
Other	– (–)	1(–)
Totals	20 (19)	9 (6)

The journal increased in size to 576 pages per annum, equivalent to an extra article per issue, hence the increase in the number of articles. We are pleased to report that we met our targets of one comparative article and two 'Public Management' articles per issue (excluding the special issue). We also covered the range of public sector institutions. Of all the articles covering contemporary policy issues (UK), seven focused on central government, six on local government, two on the NHS and four on other types of public sector institutions.

THE FLOW OF MATERIAL

The flow of material in 1990 was as follows:

TABLE 2 Flow of material 1990

	<i>Volunteered</i>	<i>Conference</i>	<i>Commissioned</i>
Academics	86 (83)	34 (–)	6 (–)
Practitioners	17 (14)	12 (–)	–(–)
Sub-totals	103 (97)	46 (–)	6 (–)
Total manuscripts	155 (97)		

The key point is that the flow of volunteered material remained constant. The increase in the number of articles is almost entirely a function of the number of conferences held in 1990, especially the RIPA's biennial conference. As a result, there has been a good supply of practitioner material in 1990. Inevitably, there will be a slump in 1991.

We continue to publish 1 in 5 of all articles considered. Confirmation of the journal's standing was provided by a survey conducted by the Political Studies Association of the United Kingdom (Norris and Crewe 'The Reputation of Political Science Journals', PSA Conference, University of Lancaster, 1991). The questionnaire covered 130 British and international journals. Respondents were asked to rank every journal on their originality, value for teaching, type of readership and general quality. *Public Administration* came seventh overall, following the general political science journals.

SPECIAL ISSUES

The 1990 special issue was entitled *Prime Minister, Cabinet and Core Executive*. It received excellent coverage in the press. The 1991 special issue is entitled *The New Public Management*. It reports the findings of the Economic and Social Research Council's research initiative into management and efficiency in British government.

Unfortunately, the special issue on *Administrative Reform in Western Europe* has fallen through. The papers were presented at a workshop of the European Consortium for Political Research at the University of Bochum. The workshop director and putative editor was unable to attend and only half of the projected papers were available for discussion. Of the available papers, only two were of an appropriate standard. Consequently, this proposed issue was dropped. An attempt to put together a special issue on *Britain, the European Community and 1992* was also unsuccessful and abandoned upon the resignation of the associate editor (see below). As a result, it is unlikely that there will be a special issue in 1992. However, we will continue to publish special issues and the editor is currently exploring whether or not such themes as *Public Administration; the state of the discipline* and *The Administrative Revolution in Eastern Europe* are practical propositions.

EDITORIAL ADVISORY BOARD

An Editorial Advisory Board meeting was held at the University of York on 4 September. It was agreed to introduce rules governing the composition of the board. In future, members would be appointed for a period of three years, renewable for a further period of three years. No more than three members would retire at any one time. All members of the board would be working members. Appointment would be conditional upon their agreement to act as referees for a designated field or topic. The board would always include at least two and preferably three practitioners as well as six to nine academics, depending upon the editors' views on the fields to be covered.

As a result of these decisions, Gwyn Bevan (St Thomas's Hospital Medical

School), Ian Johnston (Leeds Western Health Authority) and Susanne MacGregor (Birkbeck) stood down. The editors would like to thank them for their sterling contribution to the journal. Alan Ware (Worcester College) and Keith Hartley (York) have joined the board. They will take responsibility for political theory and economics submissions to the journal respectively. Further appointments will be made in the near future, including a specialist in European public administration.

JOURNAL MANAGEMENT

The editors would like to thank Jean Frostick and Ivor Shelley for their continuing and able support of the editors, and especially for the press releases which do so much to increase the visibility not only of the journal but also of the RIPA.

EDITOR

Brendan O'Leary has resigned as associate editor. His departure is recorded with considerable regret; he was a stimulating and invigorating colleague. Advertisements for a replacement editor were placed in the *RIPA Report*, the *PSA Newsletter* and in *Public Policy and Administration*. A selection committee was appointed comprising David Falcon, Professor R. A. W. Rhodes and Ivor Shelley.

In arriving at its decision, the selection committee had to bear two points in mind. First, the increased international coverage of the journal (see **FUTURE DEVELOPMENTS** below) means that expertise in European Public Administration has become essential. Second, the journal's expansion to 640–768pp. means that an editorial *team* is required to cope with the additional workload. Thus, the committee decided to appoint two section editors to cover 'Public Management' and 'Europe/International Public Administration'. Dr. W. I. Jenkins (University of Kent) has agreed to take over 'Public Management' and Prof. J. J. Hesse (Nuffield College, Oxford) the 'European/International Public Administration' section.

REFEREES

All members of the Editorial Advisory Board perform an invaluable function as referees. The editors are duly grateful.

We would also like to thank the following for freely giving of their time and advice:

Paul Arthur (University of Ulster), Tony Barker (University of Essex), Tony Bovaird (University of Aston), Roger Buckland (University of Aston), Neil Carter (University of York), Richard Chapman (University of Durham), Alan Cochrane (Open University), Alan Cox (University of Hull), Gavin Drewry (Royal Holloway and Bedford New College), Patrick Dunleavy (LSE), Andrew Dunsire (University of York), David Edgerton (University of Manchester), N. Ellison (University of Durham), Chris Game (INLOGOV, University of Birmingham), Bob Goodin (Australian National University), Andrew Gray (University of Kent), Clive Gray (Leicester Polytechnic), John Greenaway (University of East Anglia), John Gyford (Bartlett School of Architecture), Bob Haig (Sheffield City Polytechnic), Christopher Ham (The King's Fund), George Jones (LSE), Torben Jorgensen

(University of Copenhagen), Anthony King (University of Essex), Desmond King (LSE), Emile Kirchner (University of Essex), Rudolf Klein (University of Bath), Paul Lawless (Sheffield Polytechnic), Michael Lee (University of Bristol), Arthur Midwinter (University of Strathclyde), Graeme Moodie (University of York), Tom Nossiter (LSE), Edward Page (University of Hull), Joe Painter (Saint David's University College, University of Wales), Christopher Pollitt (Brunel University), David Sanders (University of Essex), T. V. Sathyamurthy (University of York), Michael Sherer (University of Essex), Kevin Theakston (University of Leeds), Rosamund Thomas (Wolfson College), Tony Travers (LSE), Kieron Walsh (INLOGOV, University of Birmingham), Albert Weale (University of East Anglia), John Whyte (University College, Dublin).

CIRCULATION

Circulation for volume 67, 1989, fell by 1.49 per cent. This figure compares favourably with the performance of other journals. Unfortunately, there is small but constant erosion of circulation every year. It is spread across all types of subscribers and all countries. One proposal for countering this trend is discussed in the next section. The price of the journal will rise in 1991 to take account of both inflation and the introduction of a single European price. The financial return to the RIPA continues to rise even though circulation is falling, totalling some £31,000 for 1989 compared to £28,000 for 1988.

Compared to many other journals, *Public Administration* is surviving extremely well in difficult times. None the less, concern must be expressed at the constant erosion of circulation.

FUTURE DEVELOPMENTS

The publishers are convinced that 1992 will provide a major opportunity for expanding circulation within the European Community. In order to avail itself of this opportunity the journal must increase the amount of material on European and Comparative Public Administration. After discussions between the RIPA and Basil Blackwell and a meeting of the Membership and Programmes Committee (both 19 March 1991), the following decisions were taken.

1. A change of title to *European Journal of Public Administration* was rejected. The addition of a sub-title, 'an international quarterly', was agreed.
2. There would be a new section of the journal, entitled provisionally 'European Public Administration', with effect from Spring 1992.
3. Further specialists in European and comparative Public Administration will be added to the Editorial Advisory Board and the appointment of a specialist editor for this sub-section will be considered further.
4. The journal will remain at four issues per annum, increasing to 160pp. per issue in 1992, with an option to expand to 192pp. thereafter.

RAWR

REVIEWS

EVIDENCE, ARGUMENT AND PERSUASION IN THE POLICY PROCESS

Giandomenico Majone

Basic Books, 1989. 189pp. £27.00

It is easy to argue for the rational model of decision making in which policy is based upon the analysis of alternative means of achieving objectives. As a prescriptive model it has its own internal logic. It is also easy, however, to argue that the rational model has no relationship to reality and that policy making can only be understood through a political model based on conflict or bargaining between differing pressures and interests. As a descriptive model it has its own reality.

The development of policy analysis as an effective contribution to policy making has been restricted by the dominance of these two models. At times it seems the choice is between a rational model of analysis that has no relationship to practice or between a political model of practice that has no place for analysis.

What is required is a model that recognizes the reality and the rationale of the situation in which policy is developed and explores the extent to which analysis has a role to play in that situation. The development of policy studies or indeed of public sector management depends upon an understanding of how policy is actually made and public organizations are actually run and seeing the scope for improvement, not in relation to some model of how they should behave but, in relation to how they do behave.

If one starts from that basis then, although policy making involves conflicting interests and bargaining processes, policy analysis has a role to play if it appreciates not merely the reality of those processes but their rationale. That is the starting point for Giandomenico Majone's important book which should be seen as essential reading for all students of public sector management and policy making.

Majone's starting point is that 'As politicians know well, but social scientists too often forget, public policy is made of language. Whether in written or oral form, argument is central in all stages of the policy process'. Those models of policy making that emphasize the conflict of interests neglect the equal reality that much of those processes use argument and persuasion. If policy making is a process of bargaining, it still uses the tools of argument. Reasons for policies are put forward, ideas are defended. Recognition of this leads back to the rationale of democracy put forward by liberal political theorists and, while this is based on an idealized model 'it emphasizes something that (other) theories have neglected – the extraordinary potential of persuasion and the centrality of two-way discussion to democracy'.

Majone's book is about policy analysis, but policy analysis is presented not as problem solving presenting clear solutions based on objective facts. Drawing upon the Greek tradition of dialectic or critical discourse, he argues that

policy analysis usually starts with plausible premises, with contestable and shifting viewpoints, not with indisputable principles or hard facts. Like dialectic it does not

produce formal proofs but only persuasive argument. Instead of 'facts', policy analysis presents evidence, instead of conclusions it presents argument and instead of proof it presents persuasion.

The importance of Majone's book is that he contends that policy analysis as argument both relates to the reality of the policy process and to its rationale as discourse. He also contends that if this role is accepted then policy analysis can be strengthened and he has very useful discussions of policy analysis as craft, of feasibility arguments, of constraints, of choice between policy instruments and of policy development. His discussion of evaluation well illustrates his approach. Because the policy process involves many different interests, evaluation involves different perspectives. Policy analysis as argument contributes to 'multiple advocacy' as a necessary basis for evaluation.

Majone shows the way ahead for the development of policy analysis which can contribute to strengthening policy processes in practice. By rejecting what he calls the inadequacy of the decisionist model which does not meet most needs in the policy process and the political model which accepts the inevitability of present practice, he provides a basis for policy analysis that meets the needs of actual policy processes and yet can strengthen them.

It is a short, easily read book. My only criticism would be the relative lack of developed examples, except for the detailed illustration of the choice of policy instruments, which looks almost over-developed in relation to the rest of the book. But examples can grow with further work. We should be glad to have this book as a starting point for that work.

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MANAGERIALISM AND THE PUBLIC SERVICES: THE ANGLO-AMERICAN EXPERIENCE

C. Pollitt

Basil Blackwell, 1990. 214pp. £35.00 (cloth)

Commentaries on the public management reforms of the Thatcher government have focused primarily on the evaluation of broad programmes, such as the Financial Management Initiative (FMI), or the use of specific techniques, like performance indicators. There have been few attempts either to explore the historical and theoretical roots of managerialism or to place these developments in a comparative context. *Managerialism and the Public Services* is thus very timely, for it contributes to the now burgeoning debate about the 'New Public Management' by comparing the implementation of managerialist reforms in the civil service, health and education sectors in Britain and the USA.

'Managerialism' is a widely used, much maligned yet ill-defined term. It normally refers to the application of any private sector management technique to the public sector. But Pollitt argues that managerialism is a more sophisticated concept consisting of a cluster of beliefs, values and recommendations that give it the coherence of an ideology which espouses the importance of management and managers in all organizations, public or private.

However, having located managerialism in a broad tradition of managerial thought that includes human relations, systems theory and culture management, Pollitt argues that during the 1980s the public sector in both Britain and the USA was subjected to a very narrow and mechanistic variety of managerialism. This he terms 'neo-Taylorian', because of its similarity to scientific management. Thus, at the core of most reforms was an emphasis on setting clear targets, measuring performance against those targets and singling out, via merit awards or promotion, the individuals who get results. The promise of greater

administrative control over service delivery was attractive to governments anxious to raise productivity and improve efficiency at a time of severe resource constraint. But it was a model of rational management that was decades old, despite being expressed partly in the contemporary rhetoric of culture change.

Pollitt argues that this narrow selectivity helps explain the limited impact of these reforms. To take one example: the emphasis on financial incentives reflects the questionable Taylorist assumption that staff are instrumentally motivated and ignores alternative theories of human motivation. Not surprisingly, in both countries frequently the price of obtaining greater cost consciousness was widespread staff demoralization and some erosion of the public service ethos.

The comparative perspective is welcome because it reveals the similarity between the two countries and yet illustrates the virtual absence of trans-Atlantic learning. Thus, the problems generated by the introduction of merit pay in the US federal service and in American schools should surely make its advocates more hesitant about imposing it on the British public sector.

Overall, Pollitt's thesis is persuasive. My reservations, with one important exception, concern the emphasis rather than the substance of his argument. He tries perhaps too hard to establish how the public sector is different, when so much recent work emphasizes how the similarities and differences between organizations tend to transcend the public-private divide. He might also have drawn attention to the remarkable continuity between the reforms of the 1960s – the era of programme budgeting and accountable management – and those of the 1980s. For this points to a fascinating paradox: the willingness for governments steeped in the ideology of the market nevertheless to draw on techniques and concepts developed in the era of rational corporate planning.

The one substantive objection concerns Pollitt's characterization of contemporary public sector managerialism as purely 'neo-Taylorian'. This neglects the role of public choice theory in encouraging the privatization of service delivery through the introduction of competitive tendering, contracting out and vouchers. Further, the growing decentralizing theme that was present in the FMI, and is central to the Next Steps agency initiative, contrasts with the strong 'hands-on' ethos of Taylorism.

Despite its flaws the political dominance of the 'New Public Management' during the 1980s was never seriously challenged by the alternative management models reviewed in the penultimate chapter. Whether this will change under new political leadership, perhaps heeding Pollitt's plea for greater user participation in service delivery, remains to be seen. But whatever the 1990s bring, *Managerialism and the Public Services* provides an informative and intelligent account of the 1980s that should be read by both students and practitioners.

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PUBLIC POLICY UNDER THATCHER

S. P. Savage and L. Robins
Macmillan, 1990. 291pp. £30.00

There have been major changes in the content of policy and the process of policy making since 1979. As such, a book which attempts to examine, and explain, these developments is to be welcomed and this book should be bought, and read, by anyone interested in contemporary British government. However, it is a book with serious flaws.

If we compare the book with its main current rival, Kavanagh and Seldon's, *The Thatcher Effect*, it has two distinct advantages. First, unlike the Kavanagh and Seldon text, it has

an introduction, which attempts to set up the studies of individual policy areas, and a conclusion, which compares the extent of change in the various policy areas considered. Second, the chapters are slightly longer than those on policy in Kavanagh and Seldon, which allows for a more thorough treatment of each policy area. In contrast, the Kavanagh and Seldon book may have more appeal to some readers as it covers a number of institutions and processes of government in addition to the policy areas.

The contributions to this volume are of a very even quality. They provide more or less good summaries of the changes which have occurred in the policy areas since 1979. However, none of them is really good, largely because of the limited space available to contributors. So, to take one example, David Farnham's chapter on industrial relations is sound on the legislative changes which have occurred. However, it fails to examine the extent to which the legislation has been used by employers; so there is no mention of Stephen Evans' crucial work on injunctions. Even more significantly, there is no consideration of the limited extent to which shopfloor industrial relations has actually changed, yet this is the key theme of all the industrial relations literature as distinct from the political science material.

Of course, one might say that in limited space authors can only cover so much; a fair enough point but one that, in this case, is misguided. The restricted treatment of the policy areas introduces a clear bias into the analysis. In my view, there is a clear tendency to overestimate the Thatcher effect. Indeed, it is probably only in the area of housing where the government has been able to push through legislation which clearly achieved its policy and political aims. In the other three areas which Savage and Robins identify as being marked by fundamental change – industrial relations, privatization and local government – a great deal has changed in terms of legislation but much less has changed in terms of outcomes. If we take industrial relations as the example again; the legislation has severely reduced the immunities which unions and unionists enjoy but it has *not* transformed shopfloor industrial relations and of course, that is a crucial area, given that a key aim of Thatcherite policy was to change the balance between unions and employers in favour of the latter.

The book has another key weakness. Although there is a conclusion, it is a very limited one. In essence, it merely presents a classification of three types of policy area: areas in which there have been: serious or even radical transformation; areas with some change where there is the potential for radical change in the near future; and areas marked by policy continuity (p. 245). The point about the need to disaggregate, that there has been more or less change in different policies, is well made. Surely however, one would have expected a concluding chapter to examine why there has been more change in some areas than others.

Overall, this volume overestimates the degree of change because it concentrates on legislative change rather than policy outcomes; the Conservatives have had major implementation problems in areas like local government, industrial relations, privatization and health. In addition, Savage and Robins fail to recognize one of the great ironies of the Thatcher years. Obsessed with the need for strong government, an obsession which was reinforced by the widespread belief that its image of governing competence was a major reason for its electoral success, the Thatcher government tried to end consultation with interest groups. However, there were reasons for such consultation; it didn't merely reflect a weak government, it also meant a more informed government, and one which had fewer problems of compliance from the interests affected by legislation because they had previously been consulted. By ending consultation the government ensured it would have implementation problems. In effect, its style of policy making helped render its policies less effective, one might say much less effective, than they might otherwise have been.

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OUTPUT AND PERFORMANCE MEASUREMENT IN GOVERNMENT: THE STATE OF THE ART

Martin Cave, Maurice Kogan and Robert Smith (eds.)

Jessica Kingsley, 1990. 192pp. £25.00

Performance measurement has been one of the most apparent features in the change in the culture of public sector management in the 1980s. Indeed, the trend in the UK, and in other Western European countries, has been christened by Guy Neave as the Rise of the Evaluative State. When the first major public service Performance Indicator (PI) scheme was launched in the national health service in 1983, it had about 140 indicators per district health authority; now the NHS has about ten times that many. During the decade considerable experience has been acquired of the practice of PIs in the public sector. This book is therefore a timely publication which explains to the uninitiated (but is valuable also to the only partly initiated as well as to readers with more specialized knowledge) the nature of PIs and the meaning of the terminology they have spawned, outlines the philosophical and operational difficulties involved in applying indicators, and gives examples of their potential application.

The book arose from a 1989 conference on output and performance measurement in government, sponsored jointly by Brunel University Centre for the Evaluation of Public Policy and Practice and the Civil Service College. It consists of 11 chapters arranged to deal with the background, case studies, and the future. The authors are all established authorities, either from their practical experience or from their academic work in this area. The book is readable and thought-provoking, as well as being a valuable volume for reference.

Whilst it is perhaps unfair to single out one particular contribution for special mention, it is a privilege in which a reviewer can indulge. Helen Roberts (then a Health Policy Analyst at the King's Fund Institute) has written about 'Performance and Outcome Measures in the Health Service' with, in my opinion, special advantage to non-specialists in this field. Her chapter is easy to read and contains a lot of factual material, but it also includes five pages of reflective comments, theoretical discussion and conclusions that are particularly valuable. This is not to suggest adverse comment on the other contributions, which include case studies in higher education and research, local government, and the Department of the Environment; but it illustrates particularly well the high quality of this book and the care with which the authors and editors have assembled and presented their material publication. The price, at £25.00 for less than 200 pages of text, may only attract a few individual purchasers with specialist interests, but the book is essential for libraries and will be high on the list of recommended reading for many academic and professional courses from 1991-2.

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PARLIAMENT AND PRESSURE POLITICS

Michael Rush (ed.)

Clarendon Press, 1990. 308pp. £32.50 (cloth)

PARLIAMENT TODAY

Andrew Adonis

Manchester University Press, 1990. 194pp. £19.95 (cloth), £4.95 (paper)

The operation of 'pressure politics' in a parliamentary context is nowadays probably discussed most frequently in relation to the vexed issue of members' outside interests. One

of many recent instances arose during the 1989–90 parliamentary session, when there was a flurry of controversy over the links (duly declared in that feeble parliamentary placebo, the Register of Members' Interests) between the Chairman of the Commons' Defence Committee and private sector defence contractors. *The Independent on Sunday* claimed (13 May 1990) that '11 of the 22 chairmen of select committees are involved with companies or organisations which deal directly or indirectly in the areas for which their committee is responsible'. In recent years, a number of consultancy firms have come into being, and done good business for themselves, by facilitating contacts between outside interests and parliamentarians.

As the editor, Michael Rush, says, at the beginning of the first of the two books reviewed here, 'it can be argued that politics is as much about pressure as it is about power'. But, even accepting the truth of this, why spend a lot of time looking at Parliament? Surely, conventional wisdom now expresses itself in terms of Britain having become a post-parliamentary democracy? Is it not the case that a theoretically sovereign Parliament, even a Parliament equipped in recent years with stronger select committees, has been relegated to the second division of the constitution by the stranglehold of strong executive government – and perhaps to the third division in consequence of the transfer of the centre of gravity of so much decision making from London to Brussels, a problem compounded by the evident reluctance of so many MPs to come to terms with the realities of Europe?

Is it not the case that well-informed pressure groups – good weather vanes of where governmental power really lies – have for a long time been concentrating most of their attention on Whitehall and latterly on the institutions of the European Communities, rather than upon Westminster? Is there really a living to be made by steering businessmen towards an institution, dominated by the Executive in its midst, that has so little to sell by way of real influence? It is surely, after all, a familiar and telling cliché that a bribe to a backbench MP is almost always a complete waste of money.

This edited volume, based on the work of a study group set up by the Study of Parliament Group, provides a very useful study of the complex ramifications of interaction between Parliament and outside interests, and a lot of fascinating insight into why it is that at least some extra-parliamentary interests spend a lot of time, money and effort lobbying such an ostensibly 'dignified' institution. It is clear from the contributors' careful analysis, based in part upon a wide-ranging questionnaire survey of 253 pressure groups (the book goes to some pains to identify the sub-categories and to explicate the relevant terminology), that many outside bodies really do value access to both Houses of Parliament and to MPs and peers, and that the feeling is reciprocated by parliamentarians who are anxious to build up specialist expertise and to cultivate links with the wider policy community. However, it is also clear that a lot of caution and misunderstanding remains to be dispelled on both sides, and that the issue of conflict of interest remains largely unresolved.

The book is in two main parts, topped and tailed by an editorial introduction (accompanied by a theoretical essay from David Judge, on interest representation) and conclusion (which includes useful discussion of members' interests). The first bears the title, 'Pressure Politics in Operation', comprising chapters on political consultants, Members of Parliament, party committees and all-party groups, select committees, the House of Lords, and public legislation; the second, 'Case Studies', looks at the defeat of the Shops Bill 1986, and the influences exerted on the 1986 Budget. The case study chapters are particularly interesting, and one would have welcomed more of them, even at the expense of some of the good material in the earlier chapters.

This is a solid and thoughtful book, which makes a valuable contribution to the literature both of parliamentary government and of pressure group activity. It is also – and here the reviewer should declare an interest, as a longstanding member of the Study of Parliament Group and an active participant in its study groups – a testimonial to what can be achieved, with minimal external funding, by a study group made up of well-motivated academic volunteers, led from the front by an able and energetic convenor.

Andrew Adonis's book, the second work reviewed here, is essentially a guidebook-cum-

textbook on the working and functions of Parliament today. Based mainly on secondary sources, and liberally garnished with tables and diagrams, it carries the reader painlessly and briskly through the subject matter. The book is seldom dull, and it manages to compress a lot of information, and some useful discussion, all solidly grounded in the published literature, into a comparatively brief space.

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HAPPY AND GLORIOUS: THE CONSTITUTION IN TRANSITION

Norman Lewis (ed.)

Open University Press, 1990. 64pp. Price not known

This pamphlet contains four essays and is the first publication in a series of short monographs on law and politics to be published by the Sheffield University Centre for Criminological and Socio-Legal Studies. Though the four authors' themes are disparate, all of them involve the role of Parliament, directly or otherwise, and two of them decry the theory of parliamentary sovereignty.

David Falcon makes the interesting suggestion of a National Office of Policy Analysis, analogous to the National Audit Office, to assist Parliament in improving the government's legislation. The function is perhaps not exactly comparable and one can imagine quite a lot of legislation that would be improved out of existence by a Policy Analysis Office that was allowed to operate effectively.

Maurice Frankel takes up the theme of parliamentary and public access to government information and effectively recites a series of idiotic statements made by ministers of both parties in rejecting proposals to legislate on the subject. One produced by Mrs Thatcher in 1983 deserves a prize for meaningless ministerial twaddle. The award of such an annual prize might do something to improve the constitution. (Perhaps the RIPA might give it some thought).

In an essay on the changing balance of power between Brussels and Westminster, Lord Cockfield regrets the fact that some politicians seem not to be enthusiastically accepting the passing of Parliament's sovereignty as described by Dicey. His analogy between the transfer of authority by the Statute of Westminster and the European Communities Act is perhaps, however, debatable. Any UK legislation inconsistent with the Statute of Westminster would be judicially unenforceable since its operation would be purportedly to change the law of a politically independent Commonwealth territory. But that rationale does not apply to parliamentary legislation designed to operate in the United Kingdom, notwithstanding the 1972 European Communities Act. Whatever the practice, Dicey's theory is not yet dead and buried. The lawmakers of Brussels have no authority to interfere with it, since as far as the law of the United Kingdom goes they are mere delegates whose power to change British law was conferred on them by Parliament.

English parliamentary authority is roughly treated by Bernard Crick in his plea for a Scottish Parliament with substantial entrenched powers. What Professor Crick says is characteristically forceful and possibly even right. To speak of a federal distribution of power does not seem justifiable though. It could not be that, if it were created by one of the future partners to the federal compact, namely the Westminster Parliament. Even an entrenched distribution of legislative authority that was proof against simple majority repeal would not be genuinely federal but it would be as near to it as we could come. But whatever it did for Scotland it would introduce a multiplicity of litigatable jurisdictional issues that would not please all constitutional reformers.

When these papers were published a year ago radical constitutional reform hardly seemed

on the cards. Since the recent change of management the probability seems just a little higher – say about 60/40?

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POLITICS AND PUBLIC POLICY IN SCOTLAND

Arthur Midwinter, Michael Keating and James Mitchell

Macmillan 1991. 240pp. £35.00 (cloth); £9.99 (paper)

For those not already familiar with the work of the authors, this book represents a fair collage of their interests. As such, it is undoubtedly good value for money. The chapters essentially update earlier work done by Keating and Midwinter in *The Government of Scotland* and elsewhere.

Because the authors have sought to recycle so much of the excellent material they have already produced, there are inevitable omissions. Thus, while much time and effort is justifiably spent on local government, there is for example only one reference to health in the index and none to the health service. It is difficult to understand how a text on public policy and administration in Scotland could miss out this critical area.

Indeed, the authors have chosen to go in a curious direction. In their desire to engage in a polemic against James Kellas's idea of a Scottish political system, they cover very similar ground to Kellas's material on Scottish politics, without any additional insight. Kellas's survey of parties, voters, voting behaviour and political institutions generally represents a more coherent and readable approach to that found here, and the bibliography contains some surprising omissions in this area.

In the context of Jeffrey Stanyer's view that local authorities can be seen as political systems, the rejection of the idea that there is a Scottish political system is puzzling. Moreover, not only do the authors present substantial evidence of such a system themselves, but they also come up with some radical solutions for constitutional change similar to those suggested by Kellas.

But these are small criticisms. *Politics and Public Policy in Scotland* is to be welcomed by all students and teachers of public administration in Scotland.

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ENDURING INEQUALITY: RELIGIOUS DISCRIMINATION IN EMPLOYMENT IN NORTHERN IRELAND

Vincent McCormack and Joe O'Hara

National Council for Civil Liberties, Russell Press, Nottingham, 1990. 77pp. £3.95

NORTHERN IRELAND IN THE EUROPEAN COMMUNITY: AN ECONOMIC AND POLITICAL ANALYSIS

Arthur Aughey, Paul Hainsworth and Martin J. Trimble

Policy Research Institute Northern Ireland, Belfast and Coleraine, 1989. 157pp.
Price not known

In the 1980s more discriminating academic and policy research has been carried out on

the government and politics of Northern Ireland. Much of it is lucidly and justly summarized in John Whyte's masterly, but sadly posthumous work, *Interpreting Northern Ireland* (Oxford, Clarendon Press, 1990). The booklets reviewed here deal with two major policy controversies in Northern Ireland: the scale of discrimination in employment and unemployment; and the impact of the European Community upon the antagonistic politics and asphyxiated economy of the most violent region covered by the Single European Act.

In *Enduring Inequality* McCormack and O'Hara provide a lucid exposition of the scale of inequalities in employment and unemployment in Northern Ireland. For those who do not know the facts this presentation will have a sobering impact. Despite British direct rule and legislation outlawing religious discrimination, Catholic males are two-and-a-half times as likely to be unemployed as Protestant males, whereas Catholic women are nearly twice as likely to be unemployed as Protestant females. In 25 out of the 26 local government districts in Northern Ireland Catholics are more likely to be unemployed than Protestants: i.e. including areas where Catholics form a majority of the local population. One way to think about these facts is that Protestants experience the average Great British rates of unemployment, whereas Catholics fare much worse, at least twice as badly than their 'fellow' citizens. To put it another way: Protestants enjoy British citizenship, whereas Catholics have a form of citizenship which is lower quartile British.

How does one interpret this evidence? David Smith of the Policy Studies Institute (author of *Equality and Inequality in Northern Ireland*, 1987) concluded, after rigorous investigation, that a very substantial proportion of the differential employment opportunities of Catholics and Protestants could only be accounted for by direct and indirect discrimination. McCormack and O'Hara agree with Smith, cite other supporting data in favour of his explanations, and summarize the errors in alternative explanations which seek to downplay the importance of discrimination.

However, the bulk of McCormack and O'Hara's work consists of sharp analysis of why British fair employment legislation failed after the passage of the relevant act in 1976, and why the Fair Employment Agency proved to be a toothless tiger. Their work is written with a political objective in mind: to warn that the newly passed Fair Employment Act of 1989, and the newly minted Fair Employment Commission are likely to go the way of their predecessors. As they show convincingly, both in 1976 and 1989, British governments ignored the substantive advice of the committees set up to advise them, and instead drafted weaker and unworkable legislation. If McCormack and O'Hara are right, as I believe they are, then Westminster and Whitehall's failure to reform Northern Ireland's discriminatory economy is going to persist into the 1990s. *Enduring Inequality* will provide relevant and controversial case-material for those teaching courses in policy implementation, especially implementation failures.

Northern Ireland in the European Community consists of seven essays by Aughey, Hainsworth and Trimble. Northern Ireland has the unenviable distinction of being the only region of the UK to be designated as of 'Objective One' status under the reformed Structural Funds. However, it will not surprise most readers that the politics of the European Community are primarily discussed in Northern Ireland through its local communities' conflicting national aspirations, rather than in debates over which status the region deserves under Brussels' techno-speak.

A wide range of political opinion, including both nationalists and unionists, regularly expresses the view that European integration has definite implications for the political relationships within Northern Ireland, as well as those between Ireland and Northern Ireland, and between Ireland and Britain. However, this thesis is logically deficient: for the simple reason that European economic integration is neither a necessary nor a sufficient condition for the establishment of a united or, if you prefer, an agreed Ireland – whether of a unitary, federal or confederal kind; and neither is it a necessary or a sufficient condition for the establishment of an agreed United Kingdom – whether of a unitary, devolved or federal kind.

The fact that the two Germanies united politically this year, long before their economies

have been integrated, confirms that there is no unequivocal logic about the relations between economic and political integration. Divergent economies can be politically integrated, as is happening in Germany, and integrated economies can diverge politically. European economic integration is also not a sufficient condition of political integration. Economic co-operation, interdependence and standardization have not led to political integration between Britain and France, between Spain and Portugal, between Belgium and the Netherlands, between Canada and the USA, or between Lithuania and the USSR. There is therefore no compelling logical reason to suppose that the economic integration of the two political units on the island of Ireland through the institutions of the European Community has any definite political implications for the national conflicts within and between those units.

Note that I am not saying, nor are Aughey *et al.*, that the success or failure of European economic integration will have no political consequences, merely that that success will not necessarily advance Irish nationalism any more than the defeat of 1992 will necessarily be of benefit to Ulster unionism. Arthur Aughey is correct to complain in his eloquent contributions to this book that a sleight of hand is frequently attempted by British and Irish socialists and liberals when the topic of Europe is discussed with Ulster unionists. Unionists are told that European economic integration is inevitable, and that political integration of the EC will follow automatically from that process, and finally they are told that they had better negotiate now as to how they should share the island of Ireland. The argument is rhetorical and logically deficient. Moreover, it distracts attention from negotiating the real issues in Northern Ireland and British-Irish relations, ones which Aughey would not accept: namely power-sharing within and across Ireland, institutionalizing divergent national identities, fair employment, bills of rights, and the creation of effective and just systems for administering justice.

That many rhetorical arguments about the impact of European integration upon Northern Ireland are fallacious has not stopped some unionists from accepting their premises. Dr. Paisley, whose doctorate is not in politics or economics, sees the European Community as a Trojan horse for Irish unity and Papal aggrandizement – and Paul Hainsworth shows clearly how these arguments have been advanced in Northern Ireland's electoral contests. Whether or not the European Community is a Roman Catholic front-organization – a view which Ulster Protestants share with many Scandinavian Protestants – nobody disputes that it has become a front-organization for farmers, fishermen and regional interest groups. The essays by Trimble in *Northern Ireland and the European Community* provide evidence of the extension of these Euro-traits into Northern Ireland. Provided the reader discounts Aughey's more glaring unionist biases – which are partially offset by his excellent and vibrant prose – there is much of value in *Northern Ireland in the European Community*.

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EQUALIZING PEOPLE

D. G. Green

Institute of Economic Affairs, 1990. 65pp. £4.50

One of the curiosities of the New Right approach to social policy is that while it has been immensely influential in determining social policy outcomes, it has yet to generate a substantial piece of home-grown analytical work. Most of the original work from this perspective comes from the other side of the Atlantic and adapts rather uneasily in its detail to different local circumstances. David Green's new pamphlet does not profess to fill this gap; rather, it is a short work of apologetics, setting out some basic dogmas rather

as the Little Stalin Library used to do for other groups of dogmatics in days gone by. As such, it could serve as a useful guide for administrators faced with the task of coping with the consequences of the latest wizard wheeze concocted by some recent graduate of St. Andrew's which has passed through ministers' minds without encountering any substantial resistance and fetched up on the statute book. Or rather, until recently it might have done so. Now, the rules of the game seem about to change again.

This is a poignant moment for the New Right think tanks and especially for those who believe, as on the evidence of this pamphlet Dr. Green clearly does, that the Thatcherite mission was essentially about morality. For their leader, economics were always mainly a means to the end of securing a change in values; and to that extent, debate about whether the economic policies of the eighties were successful or not is beside the point. The argument on values, as Green deploys it, rests on two legs: pessimism about human nature and optimism about the role of the market as a corrective device. As he rightly notes, this is the precise opposite of the traditional left view, which is optimistic about human nature and cynical about the market – a position also adopted by Christian critics, with whom Green is much less eager to tangle.

The market, for Green, is the arena in which we discover our virtue, since we are 'induced by the checks and balances of the competitive market place to behave properly' and where our endeavours 'to contribute maximum service to our fellows' are recognized. The convenient 'signalling mechanism' of material success ensures that this recognition is general (and if it does not, there is always the Honours system to fall back on, as Mrs. Thatcher's resignation list helpfully illustrated). These virtues of the market make the fashionable notion of citizenship redundant, since it is better to secure one's future and that of one's family by individual effort than to have it conferred from outside, so that we become merely 'passive recipients of gratuities'. As for redistribution of resources in favour of the less well off, that constitutes a wholly illegitimate interference in the delicate functioning of the market mechanism especially if undertaken in pursuit of the totally unjustified objective of equality. This, the worst of all heresies, gives Green his title and labels the heretics for his anathemas.

But there is a serpent in Green's Eden who is less easily disposed of: democracy. If the state does decide to intervene, it may do so with the sanction of popular approval, expressed through the ballot box. It follows that it is essential to lay down a *cordon sanitaire* which will prevent such intervention from taking place. This is achieved by declaring that a vote cast (in however superficially democratic manner) on an issue on which the voter might be held to have a personal interest in the outcome is 'corrupting'. Never mind that individuals choosing to seek similar favourable outcomes for themselves in the market may (in Green's universe) deploy any legitimate mechanism to secure their personal advantage – and thereby inevitably disadvantage others with whom they are competing. That is *legitimate* self interest because sanctified by the context in which it is expressed.

The core of Green's case is the encouragement of self-reliance, and this is not to be sneezed at. Indeed, it is refreshing not to have to deal with the stale rhetoric of Tory paternalism and the shibboleths of duty and obligation as motivations for public policy. These shrivel in the harsh light of Green's analysis, in which only self-interest holds its place. His concern that the private sphere should be protected in whatever ordering of society is adopted also deserves serious consideration. But ultimately possessive individualism of the kind this pamphlet so vehemently espouses will only hold its own in the political arena while it can deliver the material rewards that the campfollowers – less interested than the ideologists in the morality of what is taking place – come to expect as their due. In recession, it is possible – even probable – that despite your best endeavours you will fail in the market. And what does the famous signalling mechanism have to say about you then? Does failure represent your just deserts? And so the pendulum swings, and the right rediscovers the Middle Way, as it is trying to do now. Only the true believers

are left to celebrate their 'New Voluntary Capitalist Moral Order' and rail against those who, having once glimpsed Eden have voluntarily expelled themselves from it again.

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THE STATE OF WELFARE: THE WELFARE STATE IN BRITAIN SINCE 1974

John Hills (ed.), Nicholas Barr *et al.*
Clarendon Press, 1990. 395pp. £40.00

All too frequently the rhetoric of the Thatcher government and the reality of its policy making diverged markedly and frequently. Too little attention has been paid to the key question of 'What changed by how much and why?' It is clear that the degree of change varied markedly between policy areas but there have been no comparative studies of such variations in order to explain the differing degrees of change. This book is the product of the Welfare State Programme at the London School of Economics and it makes a significant contribution to our understanding of policy change in the 1980s. It describes and compares trends in public expenditure, documenting what has happened to the welfare state in Britain over the past fifteen years. It provides an authoritative, scholarly, insightful and informative account of how, to borrow from Mark Twain, the death of the welfare state has been greatly exaggerated.

The heart of the book lies in the detailed analysis of public spending in five policy areas: education, the NHS, housing, personal social services, and social security. Each chapter provides consistent time series data on actual, not planned, public expenditure (including tax expenditures) covering the period 1974-88. The data are presented in a form which facilitates comparison between policy areas, with graphs and histograms supplementing conventional tabular presentation. Any reader used to working with public expenditure statistics will appreciate the care and attention to detail with which the material is presented. Ignoring, for the moment, the authors' commentaries, these raw data make the book a positive gold mine for political scientists interested in policy making in the 1980s.

Within the confines of this review, it is not possible, nor would it be fair to the authors, to provide one or two line summaries of their conclusions. The quality of the analysis can be illustrated with reference to John Hills and Beverley Mullings' chapter on housing. Here is a policy area commonly described as a Conservative success story. Hills and Mullings draw a much more complex picture. They point out that: there are major continuities in policy (e.g. tax concessions to owner occupiers); the major shifts in policy were the shift away from general subsidies and the Right to Buy; public spending fell *but* cuts in general subsidies were matched by increases in the selective housing benefit and the cost of mortgage interest tax relief more than doubled; the promotion of owner occupation was a great success but the price of housing was less within people's means than it was before; and there were clear improvements in the number of buildings in relation to households and in their physical condition but the problem of homelessness became more acute. In short, housing policy admits of no easy generalizations, a point which can be applied with equal force to the other policy areas.

Julian le Grand draws together the material on the individual services to provide an overall assessment of the state of the welfare state and his conclusions will surprise many people. The more important conclusions are worth noting. First, public expenditure on welfare has increased by over a third in absolute terms, although it remained constant as a proportion of GDP and the fortunes of individual services varied greatly. Second, the great achievement of the welfare state during the 1980s was to mitigate the impact of the economic crisis; it was an effective safety net. Third, expenditure and needs moved

in the same direction, although expenditure on middle-class services rose relative to need. Finally, Le Grand predicts that welfare outcomes will continue to improve for the bulk of the population, with the possible exception of the poorest sections.

The book is at its weakest when it seeks explanations for the heterogeneous fortunes of the individual services. Three broad types of explanation are considered: the public interest, incrementalism/decrementalism, and middle-class interests. Le Grand concludes that there is some support for the public-interest hypothesis that expenditure follows needs; and for the middle-class hypothesis that expenditure will rise for services extensively used by the middle class. However, all approaches have their problems; for example, expenditure fell sharply in the middle-class university and polytechnic sector. Perhaps more important, the explanations focus on expenditure trends and not on the implementation of the multifarious policies within each functional expenditure category. Thus, none of the explanations is able to explain variations within a policy area such as housing and none explore the constraints imposed by the process of implementation. There is a danger of criticizing the authors for what they never intended to do. Their focus is quite clearly public expenditure at the aggregate level and not individual service policies. They are to be congratulated on providing invaluable data and succinct and challenging commentaries. The book is essential reading for anyone interested in policy making in the 1980s and it should be in every library. I regret that there isn't a paperback version at a price accessible to students.

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THE DYNAMICS OF BRITISH HEALTH POLICY

Steve Harrison, David Hunter and Christopher Pollitt
Harper Collins, 1990. 224pp. £11.95

This is an interesting, ambitious book. It is interesting because the three authors, all with a long track record of research in the field, seek to sum up some of the main trends in health policy over the past fifteen years or so. It is ambitious because it also tries to relate the policy developments to various explanatory theories: to test, as it were, the theories against the realities of the health policy field. The result is instructive. The three authors succeed in their first aim – of providing a general picture of policy change for students and others – much better than they do in their second purpose: an instructive commentary on the theories.

In tackling the events of the past fifteen years, the authors choose to examine four broad themes, rather than concentrating on events like the 1989 review of the NHS and the political drama that followed. The four themes are: the funding of health services, managerial problems, the NHS workforce and evaluation. The list is, not surprisingly, shaped by the past research interests of the trio, and it would not be difficult to suggest alternative ways of organizing the material. But their approach does have the advantage of covering most of the relevant ground and giving prominence to cross-cutting issues like evaluation. The result, in any case, is a comprehensive account, lucidly written, even though over-compressed.

In all these respects, then, this is a book which is as sensible as it is useful. But what of the authors' ambitious attempt to test out explanatory theory? Here, the authors try out four theoretical approaches: neo-pluralism, public choice, neo-elitism, neo-Marxism (the plethora of prefixes carrying a warning, in itself, of problems to come since it signals the shifting process of re-defining theory and trying to accommodate different definitions within the same category). The definition of the theories, with one exception, is fair enough.

The one exception is public choice, where the authors concentrate on its prescriptive dimension while neglecting its political one. The innocent reader would not know that public choice theory has some interesting things to say about the political behaviour of governments: which might, for example, help to explain Scotland's favoured financial position (the book sensibly makes much of national differences).

Alas, it seems that all theories explain something but no theory explains everything: a conclusion which I reached in an article published over fifteen years ago and which the authors quote here (a point I make not to congratulate myself but to warn the reader of reviewer-bias). Depending on the issues, and the arenas in which they are fought out, different types of explanation will carry more conviction. Quite clearly the explanation of policy outcomes are likely to be different in a micro-policy arena involving few actors and interests (like the structure of the medical hierarchy in hospitals) from that in a macro-policy arena with multiple actors and multiple interests (like the funding or structure of the NHS).

The three authors, despite some reservations, put their money on neo-Marxism. They resurrect some of the dire Marxist predictions of O'Connor, Offe and others about the forthcoming crisis of the welfare state, caught between the competing demands of capital accumulation and the need to assure its own political legitimacy by means of social spending. The crisis hasn't happened, of course. But the authors use this analysis to explain the emphasis of the 1980s on keeping down spending on the NHS, while trying to achieve greater efficiency: from this point of view, the managerialism of the 1980s is an attempt (probably doomed) to wriggle out of the unresolvable dilemma of capitalist societies and the 1989 settlement is only a prelude to the disintegration of the NHS.

There are two basic problems about this kind of explanation. Is it only *capitalist* societies which have to make choices between different spending priorities? And why is it that economic crisis has produced such very different welfare spending decisions in different capitalist societies? In short, it is quite possible to make sense of events if one thinks that Marxist theory (whether neo or otherwise) is nonsense, but believes that economics, social structure and politics actually matter in determining policy outcomes. It is a pity therefore that the authors have not anchored their study in a more detailed analysis of the NHS's environment in the 1980s. For this is certainly a useful book which, quite rightly, will be widely used as an introductory text. Given just a little more breadth (and more space), it could also have deepened our understanding of the dynamics of health policy more than it does.

Rudolf Klein
University of Bath

NEIGHBOURHOOD POLICY PROGRAMMES

N. Carmon (ed.)

Macmillan, 1990. 257pp. £37.50

Back in the 1960s and early 1970s neighbourhood policies and programmes proliferated in both the United Kingdom and the United States of America. For example, in the UK the 1969 Housing Act introduced General Improvement Areas, the logic being that effort and resources devoted to house improvement provide a better return when directed to the upgrading of whole areas – the houses and the environment. This strategy was given renewed impetus by the Housing Act 1974 which gave local authorities the power to designate Housing Action Areas in neighbourhoods with bad physical and social conditions. Meanwhile in the United States the 1965 Housing and Urban Development Act launched the Model Cities Programme which sought to rebuild and revitalize poor areas by

concentrating federal renewal funds on selected neighbourhoods.

As a broad generalization we can say that these and other area-based programmes – which covered job development and human services as well as housing renewal – fell from governmental favour in the late 1970s and 1980s. Under Thatcher/Major and Reagan/Bush, government policies for poor neighbourhoods have tended to rely on market models rather than state intervention. Yet the problems of deprivation the neighbourhood programmes sought to address have, if anything, got worse. A consequence is that many cities, if not, as yet, national governments, are looking at the strengths and weaknesses of various neighbourhood approaches.

This book is, therefore, to be welcomed, as it presents an appraisal of the possibilities for improving the quality of city life through neighbourhood programmes. The book comprises 12 chapters written by experienced urban planners and social scientists drawn mainly from the USA but including contributions from Israel and the UK.

The contributions are organized in six pairs to address the following themes: (1) overviews exploring ways of explaining neighbourhood decline and revitalization; (2) national neighbourhood programmes in the USA and Israel; (3) organizational aspects and implementation; (4) the empowerment of neighbourhood residents; (5) current neighbourhood programmes in the USA; and (6) future possibilities for neighbourhood strategies. Several contributions suggest that the quality of life in poor neighbourhoods is dependent on raising the income levels of residents by providing better jobs. This is crucial but so too are neighbourhood services. The book would have been improved if it had given at least some attention to the radical decentralization strategies being pursued by many UK local authorities. Interestingly, the authors support the notion of the neighbourhood as a useful unit for planning. Those concerned to renovate neighbourhood planning and development in the UK will find that the book contains some helpful reflections and ideas.

Robin Hambleton
SAUS, University of Bristol

RACE AND LOCAL POLITICS

Wendy Ball and John Solomos

Macmillan, 1990. 243pp. £35.00 (cloth), £9.99 (paper)

The aim of *Race and Local Politics*, according to its editors, is to explore 'the central features of local political debates and initiatives about race and racial inequality in contemporary Britain' (p. 3). The book offers an impressive overview of developments in the 1980s from the uprisings of 1981, which provided an impetus for local Labour councils to develop positive initiatives on race, to the New Right backlash aided by the tabloid press. The legacy of the 1980s, privatization, contracting out, opting out, diminished local authority control, alongside a commitment to a strong unitive state and the nuclear family, has prompted a 'new realism' on Labour's part, which in turn has provoked a retreat from those early, sometimes radical, initiatives.

Whilst most of the contributors appear to agree about the history of the emergence and subsequent retrenchment of race equality programmes and practices, by no means all of them are happy about such developments. For instance, Philip Nanton and Marian Fitzgerald are critical of racial harassment policies because they prevent mixed communities from uniting around their common experience. Unity around a common (class?) experience may sound appealing to some, but many black people might well prefer an anti-harassment policy, which at least attempts to address their experiences of racism. Paul Gilroy is also critical of anti-racist politics, although his rejection appears more qualified. He argues that the discourse of anti-racism is too confining, too tied to the notion of black people as victims

and the idea of a black cultural essence. Whilst there is a strong argument here, there is also a real danger of abandoning a form of politics which has helped to secure space for articulating black demands. I am not at all sure that racism has to be defined in terms of power plus prejudice (p. 166, p. 204). Nor does its use have to imply that this is all there is to being black. In constructing discourses to think through newly emerging and complex identities and experiences, it would be premature, to say the least, to abandon anti-racism.

Herman Ousley, on the other hand, seems in no doubt as to the continuing relevance of anti-racist politics for the 1990s. His contribution is a powerful and persuasive analysis of what makes local authorities both resist and promote change. The strength of Ousley's writing undoubtedly comes from his long experience at the cutting edge of local politics. What comes across is a sense of the struggle for racial equality, the contingency of outcomes and the real constraints.

Although the book's brief is local politics, the discussion of 'local' is mainly confined to local authorities. This is unfortunate because the reader does not get very much of a sense of how black people outside formal political processes experience them, or engage in other forms of political activity. Nor is there very much on outcomes; the focus is very much on policy and political processes inside local authorities and their relationship to central government and the political agenda of the New Right. Interesting though the contributions are at this level, for instance on education, housing and social services, it will probably restrict the readership of the book to students of, and practitioners in, local government.

John Gabriel
University of Birmingham

MOVING THE HOUSING MARKET

R. Forrest and A. Murie

Avebury, Gower Publishing Co. Ltd., 1990. 129pp. £27.50

THE QUALITY OF SERVICE IN HOUSING MANAGEMENT

K. Walsh and K. Spencer

INLOGOV, 1990. 60pp. £6.95

These two short books cover the main results of two research projects funded by the Joseph Rowntree Foundation, both concerned, to some extent, with the implications of the changing nature of public rented housing.

Walsh and Spencer's focus is with the housing management service provided by local housing authorities to their tenants. They use the concept of quality as employed in analyses of private-sector organizations to assess, by means of a postal questionnaire and four case studies, the service provided by councils and what they are doing to improve it. They contrast procedures of quality control (checking the work output in order to ensure that it is of an acceptable standard) with those of quality assurance (ensuring that good work is done and the service output meets the desired objectives). They conclude (in line with other recent studies) that most housing departments have no procedures of any kind for monitoring the quality of their services. Where quality management does exist it is almost exclusively concerned with quality control rather than quality assurance. For example, the number of repairs outstanding for more than a specific, council-determined period of time may be monitored, but few housing authorities systematically examine their management procedures in an explicit attempt to improve quality, or judge the quality of output from the point of view of the tenants as consumers of the service.

In response to pressures to consider the consumer, housing authorities have mainly made physical access easier through the decentralization of service provision and have improved the presentational skills of front-line staff. However, when asked in Walsh and Spencer's survey what they rated highly, tenants were more concerned about the ability of staff to deal with their problems, and friendliness and access to a local office come much further down the list. Walsh and Spencer argue that most housing departments are too inward-looking and are overly concerned with management structures rather than processes. They highlight the importance of leadership skills, good communications and vision in improving quality and note the crucial management role of the local area housing manager in providing strong leadership and ensuring high morale.

In concentrating on personal management skills and on the processes of management, Walsh and Spencer have opened up a much neglected area. Previous research has mainly been directed at the evaluation of particular management structures and particular management tasks (such as void control or repairs). However, in such a short contribution they have only skimmed the surface of what should be a major focus of research.

Forrest and Murie also briefly consider the performance of council housing departments as landlords, but only to argue that households buying their council homes are not motivated by a dislike of council sector management but by a range of material factors currently associated with owner occupation, such as the financial benefits. However, the major focus of their work is on the longer-term implications of the sale of council houses and to this end they attempted to trace tenants who had bought their houses in areas of Birmingham and London between 1968 and 1973. By interviewing people resident in these houses, Forrest and Murie were able to contact a number of purchasers who had not moved and also a number of households who had purchased the properties on the open market. In addition they attempted (rather unsuccessfully) to contact initial purchasers who had moved.

They found that well over half of initial purchasers had not moved and most were satisfied with their position, valuing the freedom to do what they wanted with the property and the feeling that it was their own home. Those who did move sold to purchasers who, although not forming a narrow category, were markedly different from the households who are generally offered new council dwellings. Therefore, the authors conclude that this represents a redistribution of housing opportunities away from certain marginal groups. Council house sales, they argue, are likely to add to the range of choice available to the working class who can afford to buy, but reduce the choice of those who cannot afford to buy; the latter are likely to be increasingly channelled into the least popular stigmatized neighbourhoods.

In pursuing their theme, Forrest and Murie present some interesting evidence about attitudes to home ownership and continue their long-standing debate with Saunders. Nevertheless, the evidence collected only allows them to make some initial conclusions and to begin to open up an area which, like that covered by the *Quality of Service in Housing Management*, deserves further attention. Despite much research over the last fifteen years we are still not sure what the longer-term implications of council house sales and the run-down of council housing will be.

David Clapham
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CORPORATE MANAGEMENT IN AUSTRALIAN GOVERNMENT

G. Davis, P. Weller and C. Lewis (eds.)

Macmillan Australia, 1989. 197pp. Price not known

BUDGETARY MANAGEMENT AND CONTROL: THE PUBLIC SECTOR IN AUSTRALIA

J. Forster and J. Wanna (eds.)

Macmillan Australia, 1990. 206pp. Price not known

PUBLIC ADMINISTRATION IN AUSTRALIA: A WATERSHED

J. Power (ed.)

RAIPA/Hale and Iremonger (Sydney), 1990. 168pp. \$A35.00

Those who think that 'New Public Management' is an Anglo-American phenomenon peculiar to New Right governments owe themselves a look at the Antipodean version, which has mostly developed under Labour governments. These three books, all built from conferences held in Australia in the late 1980s, are a good place to start.

Budgetary Management and Control looks at the accounting and budgetary management changes at the heart of NPM. It tells the familiar story of a move from rigid, centralized, cash-based systems to more flexible, corporatized 'running costs' and accrual accounting systems, helped by IT developments. It is a collection of mixed quality, covering a lot of ground but lacking unity in style or focus. Among the more analytic pieces is a valuable study by Rothman and Thornton of year-end expenditure surges in Canberra departments. It is paired with an equally interesting paper from John Forster, explaining expenditure surge as a means of handling risk by rational budget-maximizing public managers: if there was certainty within the budgetary period there would be no reason to expect expenditure surge. So do expenditure surges deserve the bad press which they get, or are they simply the product of prudent public management?

One of the puzzles in the NPM story is how 'the Poland of the South Pacific' came to be at the leading edge of NPM worldwide, and Ian Ball gives a lucid account of the rationale behind the redesign of New Zealand's public management. Ball's piece was written before the 1990 election but it is interesting (and perhaps heartening for British exponents of NPM) that the new Bolger government has not yet radically changed the system, contenting itself so far with an SSC 'review' but abstaining from the heads-on-spikes approach that some predicted. Perhaps there really is life for NPM after election upsets.

Corporate Management in Australian Government is even less focused than *Budgetary Management and Control*, but indicates the main themes of the general debate. Weller and Lewis document the development of Australian NPM and succinctly review the 'hot spots', contrasting sceptical and optimistic attitudes. Jonathan Boston lays out the rationale for the New Zealand changes and assesses some of the criticisms which they have attracted – short-termism, lack of policy or political grip by top public managers, loss of institutional memory and 'transparency' in process terms. A different line of attack comes from John Baker, late of the Commonwealth PSC, who argues that NPM has been driven by 'non-people-oriented' departments (like Finance) and by personalities who are most at home fiddling with technical accounting formulae. In contrast to successful multinational corporations, new public managers according to Baker, spend too little time on 'people problems': 'We do not use our people properly... We tend to treat them like a fixed capital asset, a piece of plant or machinery, rather than as a human resource capable of developing and growing' (p. 129). The 'non-people' focus of British NPM, it seems, is not unique – but will IBM-type 'people' skills really translate into the different environment of public management?

Public Administration in Australia contains only 'academic' contributions. Although the book is a product of the RAIPA conference in the bicentennial year of 1988, it is not a case of short-term 'bicentorrhea', and indeed it clearly shows the value of academic perspectives on NPM. Halligan and Wettenhall see NPM as the emergence of a 'directive' administrative system, characterized by tight strategic control of policy by politicians,

a highly developed central agency structure, and powerful departments *vis-à-vis* statutory bodies. The 'directive' system replaces an earlier 'pluralistic' pattern in which statutory boards were often as powerful as departments, central control was relatively weak, each policy field operated as a 'subsystem', and there was some degree of administrative 'checks and balances'. Whether the 'pluralistic' administrative system was a distinctly Australian pattern (as is suggested by Finn and Kellow as well as Halligan and Wettenhall), or whether it also has some application to the UK (perhaps especially in its non-English parts) deserves some debate.

A different angle is taken by Martin Painter in an excellent essay arguing that administrative reform is a product of the way that particular administrative values (such as 'merit' or 'efficiency') become defined, captured and degraded by particular interest groups (public service unions, Treasury accountants). Hence "obsolescence" is due to the way that inherited structures and procedures have "taken over" and distorted the original values and objectives, or stand in the way of contemporary redefinitions. . . ' (p. 77). One of the more prominent examples is the current redefinition of 'merit' in terms of gender equality. NPM is often attacked as a covert way of putting down the feminist agenda for reform, by importing 'macho' private sector managerial lifestyles (usually with the 'tight' rather than the 'loose' aspect emphasized, as Painter remarks). However, Marian Sawer in a valuable and upbeat feminist essay, shows how gender equality concerns have been trailblazing later NPM initiatives, for instance in the development of 'women's budget' documentation and in the development of gender-related performance indicators. Perhaps Australia's much-maligned 'femocrats' should be seen as founders of NPM instead of (or as well as?) its victims.

In spite of differences of perspective, much of the ground covered by these books is similar. *Corporate Management* and *Budgetary Management and Control* have similar weaknesses in that they are disparate, say nothing about *alternatives* to NPM, and have too many *longueurs* in the form of practitioner pieces that needed a firmer editorial hand. None of the books contains an academic contribution offering a reasoned defence of NPM. Are the academics who have helped to spearhead NPM too busy with their consultancies to make their case publicly in books like this? And none of the books has a concluding chapter pointing to common ground, major debates or new directions. The impression must be that the Antipodean debate on NPM is at least as lively as the British one, but not more coherent.

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THE FULTON COMMITTEE'S MANAGEMENT CONSULTANCY GROUP: AN ASSESSMENT OF ITS CONTRIBUTION

GEOFFREY K. FRY

Early access to the papers of the Fulton committee of 1966–8 and to the still unpublished oral evidence that the committee received, which has been officially granted to the author, enables the contribution of its Management Consultancy Group to be studied fully for the first time, that study being complemented by interviews with the surviving members of the committee, its secretariat, and of the group. The article argues that the group was innovative in that, by means of its report, and through such impact as it had upon the Fulton committee and its report, it put the adoption of the best private sector management practice into a prominent place on the Fabian socialist agenda for civil service reform, and, hence, added an extra dimension to the Fabians' traditional concern about greater efficiency.

THE MOST RADICAL REPORT ON THE CIVIL SERVICE SINCE THAT OF TREVELYAN AND NORTHCOTE?

The work of the Fulton Committee's Management Consultancy Group, produced as its second volume, has tended to be treated with much more respect than the main Fulton Report on the Home Civil Service attracted either on publication in 1968 or since. The former higher civil servant, John Delafons wrote, for example, that

the Management Consultancy Group's report offered the best and the most radical re-assessment of the scope and purpose of public administration in central government, and the qualities it requires, since the Northcote-Trevelyan report. It could have been the spur to a much more rapid and effective process of change over the following decade than in fact took place.

Writing in the early 1980s, Delafons added: 'It has not been until the last two years or so that a real breakthrough has been made – and then under a different stimulus and not on as broad a front as the Management Consultancy Group envisaged' (Delafons 1982, pp. 263–4).

The main Fulton Report was the last great Fabian document on the Civil Service, assuming a big Service and being concerned to make it more efficient', observed John Garrett, who had been a member of the Fulton Committee's Management

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Consultancy Group, adding that: 'Mrs Thatcher took up the neutral management ideas and used them for different ends' (Interview: 5 Apr. 1989).

The Fulton committee's Management Consultancy Group did not introduce managerialism into the debate on the civil service. That the service needed to give greater emphasis to management responsibilities, of course, had been a theme of the Plowden Report on the Control of Public Expenditure of 1959-61 (Cmnd. 1432, 1961, paras. 44-59). What the Management Consultancy Group did was to ensure that management ideas had a more prominent place on the Fulton committee's agenda than Fabian convention commonly allowed, and that is why the group's mode of operation and its contribution merit assessment.

THE ESTABLISHMENT OF THE MANAGEMENT CONSULTANCY GROUP AND ITS MODE OF OPERATION

There was general agreement that the Committee would need to undertake or commission some sort of job analysis of Civil Service work. Without a clear picture of what the various grades did or ought to be doing it would be impossible to decide what qualities were required or what changes might be needed in the structure.

Thus ran the minutes of the second meeting of the Fulton committee held on 15 March 1966, in the discussion at which the point was made that 'in order to equip themselves to consider the question of greater mobility between the Civil Service and outside employment the Committee would also need to make some study of work in relevant fields outside the Civil Service', and that it was for consideration to what extent the committee should undertake these studies themselves and how much help they might be able to get from, for example, the Civil Service Pay Research Unit or firms of management consultants (PRO: BA 1/2). The use of management consultants was relatively rare in the public sector in those days', as John Garrett was later to observe (Interview: 5 Apr. 1989). The Fulton committee was aware, though, that the Post Office, then still within the civil service, was currently employing McKinsey's to review its postal services from its headquarters organization downwards (HC 340, 1966-67, p. 48; HC 340-I, 1966-67, pp. 25, 389). The committee expressed interest in this at its fourth meeting on 5 April 1966, as it had done in the McKinsey review of Shell at its third meeting a fortnight earlier (PRO: BA 1/2). Though no action followed, one member of the committee, Norman Hunt seemed to be determined that there was going to be a management consultancy exercise. In the afternoon following the committee's ninth meeting on 10 May 1966, Hunt went to see the Postmaster General, Anthony Wedgwood Benn about the matter. Benn recalled: 'In strictest confidentiality I lent him a copy of the McKinsey Report on the Post Office and he took it away, promising to bring it back by hand' (Benn 1987, p. 410). At the tenth meeting of the Fulton committee on 17 May 1966,

Dr Hunt suggested that the Committee should commission a firm of outside consultants to carry out a study of a sample field of Civil Service work. He thought the Committee would be open to criticism if they did not have a detailed study made and if it were not made by an independent body.

Norman Hunt also pressed the case for a study of staff management practice outside the civil service, which idea when developed by another member, J. E. Wall, the committee found attractive. Though doubts were expressed by some members of the committee about the benefits that would follow from employing management consultants in the planned exercises, the committee did agree to consult Ivor Young of Urwick, Orr and Partners, then seconded to the civil service, about what form their involvement might take (PRO: BA 1/2). In his evidence to the Fulton committee on 31 May 1966 (PRO: BA 1/3) and in a subsequently circulated letter to the Chairman dated 8 June 1966, which had followed discussions with Norman Hunt, Young said that a mixed team including management consultants 'might produce something useful' in terms of a study of civil service work (PRO: BA 1/15).

The Fulton committee settled the matter at its Sunningdale Conference held between 24 and 26 June 1966. Young's evidence and letter were used as the basis for discussion in a note circulated by the Secretary, Richard Wilding on 15 June (PRO: BA 1/15), and at Sunningdale the committee agreed that

the investigations should concentrate on blocks of work in the Civil Service without paying detailed attention to outside analogues, but that the ability of the team to make comparisons with business practice should be strengthened where appropriate by the inclusion in the team of a representative of industry and commerce with experience which could be relevant to the examination of the block of work in question (PRO: BA 1/17).

Ivor Young had suggested that the investigating team should submit draft terms of reference for the committee's approval (PRO: BA 1/15). Norman Hunt, though, did some pre-emptive drafting himself, presenting the following:

1. The basic scheme is that a mixed team composed of a member of the secretariat, one or two members of the Committee, one or more businessmen selected *ad hoc*, and two management consultants might examine in detail a number of small blocks of work in the Civil Service. The team would concentrate particular attention on the following:

- (a) The amount and kind of responsibility held by each officer within the block; the number of grades in the hierarchy and the flow of work (both with reference to speed and to over- and under-loading).
- (b) The specialist content of the work and the way in which specialist skills (inside and outside the block) are brought to bear.
- (c) The nature of the supporting services provided.
- (d) The qualities and skills which the work calls for.
- (e) The previous training which it calls for and how much those concerned have had.

2. In part the operation would be a detailed consideration of Civil Service work and practice matched against the knowledge possessed by members of the team of the work and practice in efficient business firms.

3. The hope would be that such an investigation would throw light on:

- (a) What precisely are the actual tasks performed by the Administrative Class.
- (b) The nature of the division between Administrative and Executive Class functions.

- (c) Whether there are the right number of grades in the hierarchy.
 - (d) The relationship between administrators and specialists.
 - (e) The extent to which an individual's skills and abilities match the needs of his job.
 - (f) Whether there is scope for the application of business methods of personnel management.
 - (g) The extent of the burdens imposed by accountability to Parliament and how that affects the nature of the jobs.
 - (h) Whether the pattern of responsibilities and expertise really is best designed to secure the efficient achievement of the block's objectives.
4. As a by-product the survey could well throw some light on:
- (a) New *trends* in Civil Service work (it's difficult to imagine such an investigation not taking into account the directions in which the work is changing);
 - (b) Problems of interchange between the Civil Service and business;
 - (c) Frustrations (justified or not) at all levels.
5. The next step would be for a group composed as at paragraph 1 above to meet and draw up precise terms of reference, and consider what blocks of work might be tackled. For these meetings it is essential that a Committee Permanent Secretary should be added to the group (PRO: BA 1/17).

The Fulton committee accepted Hunt's draft without amendment, and its Secretary, Richard Wilding informed the Treasury by letter on 4 July 1966 that 'the Committee has decided that it would like to set up a small team to examine in some detail a few reasonably small but representative blocks of Civil Service work'. Wilding said that it was the committee's intention that the team should comprise two of its members, Norman Hunt and Robert Sheldon, its Assistant Secretary, Michael Simons, 'two management consultants with general experience of analysing other employments' who would be 'members of the team throughout', and 'where appropriate, a businessman with expertise of analogous work' who would be 'selected *ad hoc* for each block where this was thought desirable'. Wilding added that the committee had also agreed that the two Permanent Secretaries among its membership, Sir Philip Allen and Sir James Dunnett, should take responsibility for selecting the blocks of work to be investigated (PRO: BA 1/70).

'Obviously we could not stop the Fulton Committee doing this if we wanted to, and I am far from sure that we would want to stop them', T. H. Caulcott of the Treasury replied on July 7th 1966, 'We have discussed this proposal in the E. M. Divisions and while Mr Ross and I are both uneasy about the approach, chiefly I think because it is evidence of the Committee being unwilling to trust us to say what happens in the Civil Service and wanting to have their own investigations, nevertheless we have no positive suggestions to make on the project itself. . . . I could say that this is another indication of how far the Committee is slipping behind its original timetable for its Report. The Committee is still at the stage of initiating quite a large scale of enquiry projects. This one is certainly going to take a good time (PRO: BA 1/70).

When the letters went out from the Treasury to four firms of management

consultants on 13 July 1966 inviting them to tender for the work, the timetable envisaged was that a start should be made towards the end of September 1966, and that the work should be completed by the end of January 1967, with the report reaching the Fulton committee by early March 1967. There was an idea at one stage that two firms of consultants might be employed in harness (PRO: BA 1/70). The four firms of management consultants were interviewed by Norman Hunt. Robert Sheldon attended some of the interviews and the secretariat were present. As Michael Simons reported to the full committee:

McKinseys although stimulating in some respects, ruled themselves out for three reasons: they were very expensive; they were not prepared to work in harness with another management consultant firm and it would have looked bad to employ an American firm alone; most fundamentally, they were reluctant to accept the idea of a joint team headed by Dr Hunt in which management consultants would work under his ultimate direction and preferred that it should be a McKinsey investigation producing a McKinsey report with full responsibility for the results resting solely with the firm.

Of the three British firms, Urwick, Orr and Partners ruled themselves out on grounds of cost, and, though there was little difference in price between PA Management Consultants and Associated Industrial Consultants, the latter were prepared to quote a fixed price whereas PA proposed in effect to charge on a time basis, and AIC made the better impression both on paper and in person. So much so, that it was decided to offer the job to them alone (PRO: BA 1/20).

The suggestion from within the Treasury that the Fulton committee's desire to establish a Management Consultancy Group was indicative of its distrust of being made dependent on official evidence may not have been an accurate judgment of the committee as a whole, but according to E. K. Ferguson (Interview: 21 Apr. 1989), who was loaned to the group by British Petroleum, and John Garrett, it was true of Norman Hunt. As Garrett said,

Hunt soon recognized that the evidence being presented to the Fulton Committee risked being dominated by the submissions of entrenched interests, and especially by Treasury memoranda suggesting that Britain had the best of all possible Civil Services. Hunt believed that it was imperative that the Fulton Committee possessed a means of finding out how the Civil Service really worked, and he pressed for the establishment of a Management Consultancy Group to be led by himself (Interview: 5 Apr. 1989).

'Hunt was the Chairman of the Group', S. D. Walker recalled, 'and he led the discussions, but in no way did he dominate them. Our independence was treasured' (Interview: 1 March 1989). Besides his part in setting up the group, 'Hunt was the leading figure too in the sense that he was a member of the main Fulton Committee and acted as our messenger to it', E. K. Ferguson observed, 'Then again, when we went to the government departments whose work we studied, it was Hunt who would usually do the political stuff of making the introductions. So, he would be the Group's leader in that sense as well. There was also the fact that Hunt was a friend of the Prime Minister' (Interview: 21 Apr. 1989). Though this

friendship existed, John Garrett was clear that Hunt was not Harold Wilson's placeman on the Fulton Committee or on the Management Consultancy Group. Contrary to what some people in the Civil Service said later, neither Hunt nor myself were "got at" by the Prime Minister to produce a particular type of Management Consultancy Report' (Interview: 5 Apr. 1989).

When the Management Consultancy Group began its visits to government departments in October 1966, it was only in general terms that its membership took the form initially expected, and this membership was also to change. Robert Sheldon from the committee did not in fact take part in the Group's work as had been anticipated, and the involvement of Michael Simons was short lived. By early December 1966, one of the management consultants, David Morley-Fletcher had left the Group. According to another of the Group's members: 'Morley-Fletcher . . . did not coalesce with the Group. He was a very senior management consultant with AIC, and he seemed more suited to dealing with the politics of large business organizations rather than the down to earth workings of the Civil Service' (Interview with E. K. Ferguson: 21 Apr. 1989). John Garrett said that 'Morley-Fletcher left the Group as a result of personal differences with Norman Hunt' (Interview: 5 Apr. 1989). Morley-Fletcher's replacement was Dr. R. F. Ferguson, also from AIC, who worked with the Group for a short time, helping it with its examination of the scientific and professional areas of the civil service.

Though Hunt was not simply an academic, he had no knowledge of the private sector of the kind that John Garrett and I possessed', E. K. Ferguson observed,

John Garrett was a pretty powerful member of the Group. Johnny Walker was very impressive too, having worked his way up from the bottom of the Civil Service. He had wide experience of the work of government departments, and he kept the Management Consultancy Group's feet on the Civil Service ground (Interview: 21 Apr. 1989).

S. D. Walker had in fact joined the Board of Customs and Excise as a Departmental Clerical Officer in 1935, and been promoted into the Executive Class, and after a spell at the Pay Research Unit, he was a Chief Executive Officer in the Treasury's Organization and Methods I Division at the time that the group was established (Interview with S. D. Walker: 1 Mar. 1989). 'Johnny Walker was incredibly able', in John Garrett's opinion, 'He was the best management consultant I ever knew'. John Garrett himself had spent five years as a management consultant before joining the group, having earlier had management experience with the Rootes Group and with ICI. Garrett said that,

I knew mostly about control systems, and something about personnel management. Most important of all, though, I had been a Visiting Fellow at the Graduate Business School at the University of California in Los Angeles, and what I learnt there gave me what was then a fairly novel way of looking at government organization. What are the aims of the organization? What is its strategy? How can that strategy achieve the organization's objectives? How can you assess performance? Once you asked these questions, a number of things fell into place' (Interview: 5 Apr. 1989).

E. K. Ferguson was appointed to the Management Consultancy Group to provide it with a member who was currently a business manager. In the relevant discussions, the Civil Service Pay Research Unit had suggested to the committee's secretariat that a private company should be asked if they would lend the group a 'structures' man of about Assistant Secretary or Under Secretary equivalent. Ferguson, who was a member of British Petroleum's Central Staff Department was lent by that company free of charge (PRO: BA 1/71). Before moving to BP, Ferguson had worked in the civil service at the Cabinet Office and then in the Ministry of Defence (Interview: 21 Apr. 1989).

The Management Consultancy Group treated Hunt's original draft as forming its detailed frame of reference, and, in fulfilling that remit, between 12 October 1966 and 6 April 1967 the group examined 23 blocks of civil service work in 12 government departments and in detail the tasks of 576 individual civil servants defined as providing a representative cross-section of the work covered by those blocks. As planned, the two Permanent Secretaries on the main Fulton committee selected the blocks of work, and they did so from a list drawn up as the combined result of suggestions made by the Pay Research Unit, talks with the staff associations involved and the Staff Side of the National Whitley Council, and consultations with the Treasury and the Permanent Secretaries of the government departments concerned. It was Sir Laurence Helsby and Sir William Armstrong, for instance, who chose the Public Enterprises Division of the Treasury as being the most suitable for investigation (PRO: BA 1/71).

The various blocks that were selected were listed in Appendix II of the published report of the Management Consultancy Group. The selection was criticized at the time. For example, Sir Clifford Jarratt, the then Permanent Secretary at the Ministry of Social Security, pointed out, in a letter to the Treasury dated 31 August 1966, that absent from the list of blocks was 'administrative work with a high legislative, as distinct from general Parliamentary, content'. S. P. Osmond, replying on 8 September 1966, conceded this, observing that 'while we could not very well choose the work of a Division which was currently putting through major legislation, since this would be an intolerable strain, I think the inclusion of the Distribution of Industry Division of the Board of Trade will mean that the team see a Division which has had a fair amount of legislation in its time. We certainly hope that this will give the Committee a picture of that type of work' (PRO: BA 1/71).

As it was, the Management Consultancy Group had been set a formidable task, and one that it was soon obvious could not be completed by early March 1967 as had been initially planned. 'It must be confessed that we underestimated the time that this job would take', Richard Wilding, the Committee's Secretary told the Treasury on 21 December 1966, citing two factors. One was that 'Dr Hunt has turned out to be so much the dominant figure in the team that it is not practicable (as was originally intended by all concerned) for it to function in his absence - on Committee days and during visits abroad'. The other factor was that 'the amount of relevant material which the exercise is yielding is much more than we originally thought, and much more time is having to be set aside for review

and discussion between the expeditions to departments'. Wilding's view of how the group operated was necessarily derived from the observations of the committee's Assistant Secretary, Michael Simons, who had worked with the group at one stage. Simons had not in fact described Hunt as 'dominant' but as seeing himself as 'the leader of the team and its principal figure', which as we have recorded was how the other members saw him too. Simon's description of the Management Consultancy Group's working methods was as follows:

First, there is a review of each investigation after the team has completed it. The idea is to produce a report on each block of work investigated; these reports are for the team's use as source material on which the report to the Fulton Committee on the exercise as a whole will be based. To prepare these reports it is necessary first of all, because the team deploys in each block for detailed investigations with each member doing a side of the block's work and staff, for them to get together to exchange their findings and their views as to the moral to be drawn. Then one of the management consultants goes away and prepares a draft report, which is discussed, amended and adopted. The least that Dr Hunt is prepared to allow for that kind of thing is one whole day for each block of work – fourteen days in all. . . . He also wants four weeks at the end of the investigations for the joint preparation of the report for the Fulton Committee. Although it seems a great length of time, I do think from experience of the team's methods and manner of working that they will need it (PRO: BA 1/72).

The timetable which was revised in December 1966, envisaging a final report from the Management Consultancy Group being produced by the end of April 1967, could not be kept to. A brief Interim Report dated 7 May 1967 setting out conclusions was circulated to the Fulton committee (PRO: BA 1/35), at the meeting of which on 2 May 1967 Hunt had said that a further six to eight weeks would be needed for the full report, and the committee had instructed the secretariat to seek the necessary financial authority for the employment of the management consultants during the period concerned (PRO: BA 1/8). When complying, Simon said to the Treasury that

the matter has really been beyond our control because Hunt has been beyond our control. Only the Committee is in a position to control Hunt and, although we took care on this occasion that matters should be put to the Committee, the Committee chose to approve what Hunt wished to do.

That was written on 5 May 1967, and on 7 July 1967 Wilding wrote to Hunt:

Michael Simons has told me that you now think that in order to complete the report of the management consultant exercise you will need up to 20 more consultant days after 15th July, the date we had been aiming at. . . . The prolongation of the exercise has obliged us to apply to the Treasury for further financial authority. . . . This is of course embarrassing: it is now the fourth time that we have had to apply to them for authority for revised expenditure, and it brings the total increase over the original estimate to 83 per cent (PRO: BA 1/72).

Norman Hunt seemed determined to produce the best possible management consultancy report irrespective of the time taken or the cost, and, though draft

material was made available earlier to the Fulton committee, in fact it was 29 December 1967 when John Garrett sent the final report to Wilding (PRO: BA 1/73).

The report was accompanied by an Annex called 'Some Aspects of the Work of the Public Enterprises Division, HM Treasury'. Having read it, the Fulton committee instructed its secretary to approach the Treasury to obtain permission for its publication. Apparently, Hunt was the moving spirit here too; at least Wilding wrote to the Treasury on 5 February 1968 that 'I underestimated his desire to get this Annex published'. Why Hunt wanted publication was ascertainable from another letter which Wilding had sent to the Treasury, that of 31 January 1968:

The main Report criticized what its authors see as the inadequacy of the qualifications and experience which many administrators bring to their jobs, but cites neither PE nor any other division as specific examples of this. The Annex which we are now discussing is the only place in which the qualifications and experience of the members of a specific administrative division is referred to. It thus seems fair to say that the discussion of PE in the Annex provides from the Committee's point of view a useful illustration of what will be one of their main themes; from PE's point of view, the doubtful privilege of supplying this ammunition.

In fact, from the perspective of radicals like Hunt the material in paragraph 20 of the Annex alone was worth publishing since it showed, among other things, that only one of the administrators in the Public Enterprises Division had an economics degree; that the average length of time that administrators had spent in their present post was two years; that, though some had previously held jobs in the service with an economic content, none had previously served with a sponsoring department, a nationalized industry, or in private industry or commerce; and that the Under Secretary in charge had been in post for two years, had held 11 completed posts since 1949, and had since moved on to other work in the civil service. Given that there had never been any undertaking to allow the publication of specific studies of the kind made of the Public Enterprises Division, it was unsurprising that the Treasury both resisted publication and that its resistance was successful. Norman Hunt only dropped the idea in early June 1968 with about three weeks to go before the Fulton report was published (PRO: BA 1/73).

In the meantime, the Fulton committee had taken evidence from the Treasury, B. W. R. Mooring and P. D. Ince from British Petroleum, Roger Morrison from McKinsey's, and the Management Consultancy Group itself about grading structure and related issues (PRO: BA 1/11); and the group's report had survived, subject to some very minor drafting alterations submitted by Richard Wilding and Sir Norman Kipping, and with the addition of one paragraph to the original 379 (PRO: BA 1/73), to become the Fulton committee's volume 2. The additional paragraph was that numbered 364 in the published version which saw 'a particular need for the formation of high level departmental units concerned with strategic planning'. It is not clear from the papers from what source this addition was derived.

Unlike the social survey that it commissioned, the Management Consultancy Group's findings reached the Fulton committee in plenty of time to influence its recommendations, while remaining a sufficiently distinct piece of work to have

been seen as having made a contribution of its own to the debate about what future shape the civil service should take. An assessment of what that contribution was now follows.

THE MANAGEMENT CONSULTANCY GROUP AND THE REFORM OF THE CIVIL SERVICE

The Report of the Management Consultancy Group was a superb piece of work', John Garrett has said, adding that: 'The Civil Service has never been able to rubbish the Management Consultancy Group's Report in the way that it has been able to do this to the Fulton Report itself. We had the evidence to support our findings. . . . The Management Consultancy Group's report was way ahead of its time. Volume 2 changed the climate and the agenda within which the reform of the Civil Service was thereafter discussed' (Interview: 5 Apr. 1989) 'The Management Consultancy Group studied the Civil Service closely for the first time and it came up with radical proposals for change', was S. D. Walker's assessment of the group's achievement (Interview: 1 Mar. 1989); and another member of the group, E. K. Ferguson, who described its report as 'a conscientious piece of work', said that 'what we recommended was the introduction into the Civil Service of attitudes of mind and practices that were common in private industry and commerce and the adoption of which we believed would make for a more efficient Civil Service' (Interview: 21 Apr. 1989). We have noted already that the former official, John Delafons ascribed to the Management Consultancy Group the authorship of the ideas behind the efficiency programme which the Conservative government pursued in government departments after 1979, and that Delafons, too, credited that group with producing the most radical proposals for change in the civil service to have been made since the 1850s.

Having been conceived in the heyday of market philosophy, the career civil service had plenty of practice by, say, the days of the Geddes Axe in the 1920s, of learning to live with the economic liberal view that government departments would be more efficiently run by 'business methods' than by its own procedures. The exigencies of parliamentary government, involving as these did potential detailed external examination of the work of civil servants and the need to account publicly for administrative behaviour, obviated against the minimization of running costs in government departments, as the majority signatories of the MacDonnell report pointed out in 1914. Costs were raised too by the political expectation that the state should act as an enlightened employer (Cd. 7338, 1914, ch. IX, paras. 85-7). For all the differences in environment, and the attraction of foreign examples met in competition, it may have been that the civil service eventually did become a model for large scale British business organization in some respects. Only military organization, elegantly translated into management theory by no less than Colonel Urwick, provided much of a British alternative. Writing in the 1960s on the basis of personal experience, the former and highly successful businessman, Peter Nettl stressed both the dependence of the business community on the civil service for ideas on organization and the relative inferiority of its own procedures (Nettl 1965, pp. 32-3). A different view was that of John Garrett who observed that 'the trouble

with O and M in the Civil Service had been that it was overwhelmingly about M and never thought about O' (Interview: 5 Apr. 1989). A more extensive range of studies of different British companies than exists would be needed to test Nettl's argument properly; and also the influence of American management ideas. The grading structure of British Petroleum was said by one of its representatives, P. D. Ince, in evidence to the Fulton committee in 1968, to have been modelled on that of other international oil companies, and that the example of the US Federal Civil Service had been an influence on the American companies in the related practice of job evaluation (PRO: BA 1/11).

The status of the civil service, of course, and its separateness from the private sector was of a different order in the USA compared with Britain. With a lesser divide to surmount, it was natural that management ideas should be seen as being in common there. As the introduction to one well-known American collection of readings in personnel administration put it in 1964: 'In any organization, management's task is to develop and co-ordinate the willing efforts of employees in accomplishing organizational aims. This is just as true in government agencies and non-profit organizations as it is in private enterprises' (Pigors, Myers and Malm 1964, p. 1).

In the different British context, traditionally, as we have seen, the advocacy of importing 'business methods' into the civil service had prominently emanated from economic liberals. Bodies like the Geddes committee, though, did little about the introduction of such 'methods', in effect establishing a ceiling for administrative costs and leaving the civil service to organize itself. Ironically, the Fulton committee, owing more in inclination to Fabianism, appointed a Management Consultancy Group which, while sharing the constraints placed on the main committee, did demonstrate how 'business methods' could be applied to the organization of the civil service.

The Management Consultancy Group put forward for the committee's consideration possible major lines of reform and development of the civil service based on its analysis of the evidence that it had gathered and its knowledge of industry and commerce (Report 1968, para. 344). The group favoured 'the abolition of the present class system' in the civil service and 'the creation of a classless uniformly graded Service' informed by job evaluation (*ibid.*, para. 346). E. K. Ferguson observed:

The Management Consultancy Group's ideas about unified grading did not derive exclusively from the example of British Petroleum, although I worked for that company at the time and I would refer to it. Unified grading was common practice in the private sector and it made for greater flexibility in the use of staff than the existing Civil Service structure permitted (Interview: 21 Apr. 1989).

John Garrett said that

the idea of a unified grading structure came from the evidence. The case for it kept being made all the time as we examined the adverse effects on the efficient organization of the work that the career class system led to. It confined a whole lot of people into cages that they couldn't get out of. Kim Ferguson, like myself,

could not see the need for the Civil Service to have a career class system, and we thought that the Service should adopt the private sector approach in which people came in to do a specific job and they progressed if they did it well (Interview: 5 Apr. 1989).

What was 'essential for the Civil Service of the future', the Management Consultancy Group believed, was 'the development of a new managerial style' promoted by

the evolution of organizations in which more scope is given to managerial initiative, with proper safeguards; in which this initiative is encouraged and rewarded; in which suitable controls are devised so as to permit management by objective; in which there is as clear a delegation of authority and responsibility as possible and in which management is judged according to its skill in achieving the objectives for which it is responsible (*ibid.*, para. 374).

E. K. Ferguson said that

The Management Consultancy Group saw accountable management not in terms of heads rolling but in terms of personal responsibility for an area of work. Somebody carries the can when things go wrong. Of course, we realized that what is called in management theory the time span of discretion would apply in some cases and that things might not go openly wrong until long after those really responsible had moved on. Security of tenure would not necessarily conflict with accountable management. We found clever, intelligent people in the Civil Service who seemed to have been shunted into a non-job, having carried the can for past failures. Not reaching a career grade in the Civil Service, say, being kept down to Principal in the Administrative Class, would be an unpleasant thing to experience in relation to one's peer group (Interview: 21 Apr. 1989).

John Garrett recalled that

what we wanted was a fairly benevolent system of accountable management, not the type leading to dismissals and so on. The kind of accountable management that we had in mind was that of a manager clearly designated as being in charge of a unit and for there to be measures of outputs.

It was intended to be a managerial system 'with minor sanctions but a fair bit of preferment' (Interview: 5 Apr. 1989). The Management Consultancy Group's main target was the Administrative Class, with 'its lack of continuity in the job, its relative isolation, its lack of management skills and experience, and its largely irrelevant educational background' (Report 1968, para. 68). More generally, the introduction of the managerial arrangements that the group favoured were aimed at modifying 'the unique constraints upon the line manager in the Civil Service' to which the Whitley system contributed; that meant that 'he cannot hire or dismiss, he cannot reward merit by any form of payment, he cannot promote, he cannot reprimand formally, he cannot even stop the annual increment of an unsatisfactory subordinate' (*ibid.*, para. 335).

As the machinery of government and the convention of ministerial responsibility,

a large civil service and the Whitley system had, in effect, to be treated by it as given, to make a distinctive contribution, the Fulton committee needed a different approach to the staple questions of civil service reform. To the extent that there were novelties in the Fulton report, the Management Consultancy Group would seem to have been the author of many of them. The analysis and recommendations contained in chapter 5 of the Fulton report, dealing with the structure of departments and the promotion of efficiency within them, would appear to be one example, and chapter 6, about the structure of the civil service, would be another.

Influence cannot be proved, of course, and one surviving member of the Fulton committee, Charles Anderson thought that 'the Management Consultancy Group's work was unimpressive, and added little or nothing to what we knew already. We got all we really needed to know out of the general evidence that was presented to us, of which there was rather a lot' (Interview: 21 Sept. 1988). Robert Sheldon said that by the time that the work of the Management Consultancy Group was available 'we had already made up our minds', although he appreciated the support which the group's report gave to 'my pressure for unified grading' which he saw as 'my major contribution to the work of the Fulton Committee' (Interview: 8 Nov. 1988). Though Sir James Dunnett had 'no recollection of Robert Sheldon having played a leading part in ensuring that the Fulton Committee recommended unified grading' (Interview: 29 Nov. 1988), Richard Wilding said that

Robert Sheldon was enormously assertive in pressing for the Civil Service to have a unified grading structure. It was an interesting example of how a determined committee man can have a disproportionately strong influence on the outcome when many of his colleagues were less certain. What everybody was agreed upon was that there should be a common structure down to Under Secretary. Even the troika of Dunnett, Neild and Hunt did not want unified grading to go beyond Principal. Robert Sheldon wanted the Committee to recommend unified grading to go from the top to the bottom of the Service and by pressing and pressing on the matter he got his way (Interview: 29 Sept. 1988).

The Management Consultancy Group was very much Norman Hunt's initiative', Robert Neild recalled, 'It was a separate exercise from the work of the main Committee, and it was an exercise about which Hunt became very excited. Most of the rest of us were rather detached but accepted the Group's main recommendations. My impression was and remains that it was a useful piece of work (Interview: 28 Oct. 1988).

Lord Allen of Abbeydale thought that 'the work of the Management Consultancy Group was important and its report was better and more restrained than the Fulton Report itself' (Interview: 17 Oct. 1988). Richard Wilding observed that,

The Management Consultancy Group did make a difference to the brickwork of the Fulton Report, adducing the supporting evidence. The Management Consultancy Group was influential in pointing towards the drafting of Chapter 1, though the Final Report taken as a whole and that of the Group differed in some respects, such as treatment of management by objectives. There was a more pragmatic tone to the report of the Management Consultancy Group than there was to the Fulton Report itself, although they were both trying to do the same thing.

Wilding added that,

Accountable management was an idea that followed from the work of the Management Consultancy Group. The consonance between what the Group said and the Fulton Committee said was incomplete, but Hunt came back from the Group saying 'we must press for accountable management', and Sir John Wall and Sir Norman Kipping, with their industrial experience, backed him firmly, and it was accepted by the rest. The ideas got through comfortably (Interview: 29 Sept. 1988).

Nobody on the Committee seemed much interested in accountable management until the Management Consultancy Group came up with the idea', Lord Allen of Abbeydale recalled (Interview: 17 Oct. 1988), and Robert Sheldon thought that 'it was inherent in appointing the Management Consultancy Group that it would advocate accountable management' (Interview: 8 Nov. 1988). The term 'accountable management' made its first appearance in a draft of what eventually became chapter 5 of the Fulton report that was submitted to the drafting sub-committee of the Fulton committee by Norman Hunt in November 1967 (PRO: BA 1/58). The term 'accountable management' did not appear as such in the Management Consultancy Group's report, and one of its members, S. D. Walker said that it was 'a non-expression' because 'there is no such thing as "non-accountable management"' (Interview: 1 Mar. 1989). Established civil servants were protected from the most disadvantageous of managerial initiatives. Structures involving 'cost centres' and 'accountable units' meant less than they did in the private sector because of security of tenure and standardized pay scales and promotions, which largely rendered costs as given, and because of the effects of the doctrine of ministerial responsibility.

If we take the McGregor private enterprise management model of theory X and theory Y, by contrast the civil service had its own arrangements that, to emphasize the point, one could characterize as theory WS, meaning the Whitley system, and theory WF, meaning the Warren Fisher system. Of course, a sustained political initiative from the elected government aimed at changing substantially the organization and methods of the civil service would constitute 'direction and control through the exercise of authority', namely the theory X approach (McGregor 1960, p. 49). The Thatcher government acted in this manner later. More familiarly, the civil service was left to govern itself, although this did not mean that its practices closely resembled the integrative theory Y approach, whose application was concerned with 'the creation of an environment which will encourage commitment to organizational objectives and which will provide opportunities for the maximum exercise of initiative, ingenuity, and self-direction in achieving them' (ibid., p. 132). Given the existing structure of government departments, there was ministerial responsibility for what civil service managers did.

Theory Y was described by its author as being 'a special and not at all typical case of the conventional conception of management by objectives' (ibid., p. 61). A government department was bound to be a special case when it came to applying that concept. After Peter Drucker had developed the idea in *The Practice of*

Management in the 1950s, 'management by objectives' had become 'conventional' wisdom in management theory by the time that the Fulton Committee's Management Consultancy Group was appointed, as a knowledge of the contemporary literature makes evident (for example, Schleh 1961; Schaffer 1964; Hughes 1965; Humble 1965; Odiorne 1965; Batten 1966; Forrest 1966; Knight 1966; Miller 1966; Stewart 1967; Valentine 1966). The Management Consultancy Group made no original contribution to management theory. Its role was the pragmatic one of demonstrating how the best of current management practice could be adopted in government departments in a manner that would not only be supportive of a large scale career civil service while being encouraging of what the group deemed to be greater professionalism within that service and being promotive of more efficient organization and methods of work.

It did appear to be the case, as S. D. Walker observed, that 'the Fulton Committee seemed to treat the Management Consultancy Group's volume almost as if in competition with it, and made very few direct references to our Report, although if you compare the two volumes you can see how influential the Group was on the Committee's findings' (Interview: 1 Mar. 1989). As we have seen, not all the surviving members of the Fulton committee concede that what Norman Hunt (1968, p. 101) once called 'my Management Consultancy Group' made a major contribution to the work of the committee and its report. Nevertheless, nobody doubted that Hunt made such a contribution. Given that his experience and academic training left Hunt dependent on the group for his knowledge of private sector management, it seems reasonable to assume that the group at the very least was indirectly influential, even if, inevitably, the extent of this influence remains unclear.

The Management Consultancy Group was innovative in that, by means of its own lucid and professional report, and through such impact as it had upon the Fulton committee and its report, it put the adoption of the best private sector management practice into a prominent place on the Fabian socialist agenda for civil service reform. The Fabians, of course, always had been interested in greater efficiency in the organization of government and had 'permeated' Royal Commissions and also official committees like the Haldane committee in the past in pursuit of that goal. The Management Consultancy Group's report can be seen as part of that genre. Its report did offer a radical re-assessment of the 'qualities' required in public administration in central government, but not of 'the scope and purpose' of such administration. This was because, like the Fulton committee, it assumed 'a big Service', to use John Garrett's term, and one which retained broadly the same character; and the machinery of government, let alone the role of the state, was outside its terms of reference.

It is difficult to establish how important the Management Consultancy Group's report was for subsequent developments in the civil service, including those since 1979. Interpretations are bound to differ, but one member of that group, E. K. Ferguson, may well have got things about right when he observed that,

My impression is that the Management Consultancy Group's Report itself was shunted, but that the ideas that it promoted such as managerial accountability

and unified grading re-emerged later. People like Derek Rayner, of course, would not be dependent on the ideas of Fulton's Volume 2 for what they wanted to do, and I do not wish to exaggerate the importance of the Management Consultancy Group's Report. The recent further development of unified grading was pure Fulton, but it was not necessarily generated by Fulton (Interview: 21 Apr. 1989).

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THE CONDITIONS OF LOCAL CHANGE: KENT COUNTY COUNCIL SINCE REORGANIZATION

IAN HOLLIDAY

The article considers the conditions of local change through investigation of the experience of Kent County Council since local government reorganization in 1974, seeking both to assess the nature of change in Kent, and to derive from that assessment more general lessons. It argues that in a period of rapid change in local government's operating environment, local change has been locally mediated to a significant extent. It therefore contends that a manipulative account of local change is best able to account for reform at the local level, and maintains that any attempt to explain the differential experience of the Thatcher decade must break the concept of local government down, and pay close attention to political mediation at the local level.

A striking feature of British politics in the 1980s was the differential experience of its local government system. Challenged at many points by Thatcherite reform, councils of radically different persuasions emerged to oppose, promote or grudgingly acquiesce in centrally directed change. As a result, the shape of British local government at the end of the Thatcher decade was more varied than it had been for generations.

The paradox in this state of affairs is immediately evident. An administration which sought to discipline local government in fact presided over, and in large part contributed to, a process of substantial variegation. Thatcherism was not the sole cause of local government politicization and change in the 1980s, but it was a substantial contributory factor.

Yet it is important in a full account of local change in the Thatcher years to extend analysis beyond inept central initiative and dexterous local response. For at the same time as ministers were politicizing and changing local government from above, so indigenous local forces were often operating to much the same effect from below. Undoubtedly, the drive provided by successive Thatcher governments was crucial to change in some localities, but in others autonomous forces operated at the local level.

Local variety is therefore not simply the unintended consequence of Mrs Thatcher's determination to discipline local authorities. In a number of localities in

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the 1980s, political initiative was taken by local politicians who sought to assert local control over the forces of change to which all local authorities were increasingly becoming subject. In consequence, change was mediated and promoted in very different ways in distinct localities.

At Kent County Council (KCC), the role of local politicians in directing change was particularly great. Here, in the mid-1980s, a new Conservative leadership embarked on a programme of organizational and managerial reform which has had ramifications throughout the county council, and has set KCC in the vanguard of local change. However, the change mandate on which the new leadership was elected was not a recent creation. Instead, it had been developed over a number of years, and in many ways pre-dated Mrs Thatcher's arrival in Downing Street. This suggests that the conditions of local change are often complex. They are investigated in this article through KCC's experience since local government reorganization in 1974.

The article has two main tasks. The first is to determine when, why and how the initiative to reform was taken by Conservative politicians in Kent. The second is to assess the success of their reform programme. Together, these two exercises provide the necessary material for consideration of the conditions of local change.

The argument which emerges is that political will exercised at the local level is a significant condition of local change. This argument is not voluntaristic, but manipulative. It stresses the extent to which external forces of change are politically mediated at the local level.

CHANGE AT KENT COUNTY COUNCIL

There is no reason to doubt that the gradual transition from social leaders to public persons which J. M. Lee (1963) delineates in Cheshire during the long period before local government reorganization was replicated in Kent. In a study of KCC's first 25 years, Prudence Moylan (1978) documents the early stages of just such a transition, and none of the available evidence from subsequent years casts doubt on Lee's thesis.

However, viewed from the 1990s, the striking feature of the period prior to reorganization, in Kent as in many other counties, is the stability of local politics, reflecting a low level both of politicization of local government as a whole, and of factionalism within its constituent parties. At KCC, which has been under hidden or overt Conservative control throughout its hundred-year history, this stability is particularly marked. Although the landed gentry gradually ceded office (though not necessarily control) to genuinely political figures during this period, little disruption of the orderly passage of command occurred.

Behind the facade of gradual and essentially limited change, however, important transfers in the balance of power in KCC were taking place. By the time of reorganization, and no doubt many years before it, these changes had resulted in a substantial shift of control from members to officers. Moylan traces councillors' first significant accommodations to bureaucracy to 1902, and contends that by the outbreak of the First World War the shift of control was advanced. By the close of the Second World War, it was only too evident. In many respects, KCC

remained the premier gentleman's club in the county, and cut its politics accordingly. Power, however, had been transferred from club members to their employees by central government's successive devolutions of responsibility to local authorities during the first half of the present century.

With reorganization, this state of affairs changed rapidly. For some time before it, the preponderant influence of professionals in local government, and the correspondingly reduced power of elected members, had attracted criticism. Reorganization was both a product of this critique, and the occasion for its development. Furthermore, it coincided with economic and social crisis in a state which for 30 post-war years had experienced a process of relative decline. The result was a politicization of local government, in Kent as elsewhere, and a concerted search for mechanisms whereby corporate management might be realised by a central nexus of local politicians, acting in partnership with their leading officials.

In Kent, tenure of offices such as chairman and vice-chairman (of the council and of its main committees) became far less orderly, as the gentlemanly procession of chairmen gave way to properly political appointments. Furthermore, a determined attempt to seize power was made by a set of active politicians who sought to view the council's affairs in the round, and to apply political judgment across their entire range.

This process was by no means complete by the end of the 1980s. Yet already the Chairman's office was no longer central to KCC's operations, as it had been prior to reorganization, and federated service departments were no longer allowed substantial managerial autonomy. Instead, the chairman of the council's Policy and Resources Committee, who also became Council Leader, had emerged as the key figure to whom all other committee chairmen were subordinate, and both service and central departments were required to conform to a corporate line in operational matters.

Rapid though it now appears, and rapid though it certainly was in the context of an historically complacent large shire county, this process of change was neither the immediate, nor the inevitable consequence of reorganization. Indeed, existing Kent practice was extensively codified during local government reorganization at the start of the 1970s by Malcolm Bains, Clerk of the County Council, and author of the Bains report according to which post-reorganization councils were to structure and manage themselves (Department of the Environment 1972). As a result, the organizational and management philosophy of the early 1970s was firmly entrenched in Kent. Termed 'corporate management', it was in fact consensus management, and in many ways merely legitimized the federated nature of KCC's central and service departments. Moves towards genuine corporate control were only made possible by rejection of Bains, and adoption of an alternative organizational and management philosophy.

That alternative philosophy was decisively applied to KCC after 1984, under the new leadership of Tony Hart. Working in close partnership with a new Chief Executive, Paul Sabin, appointed in June 1986, Hart sought to create a county council which was not federated but unitary. He thus instituted a system of cabinet government, in which he himself acts prime ministerially, and a parallel corporate

officer structure, in which the Chief Executive acts as line manager to the rest of the chief officers' group. Thus, on both member and officer sides, clear command structures were introduced in an attempt to create genuine corporate control, and strategic management, of council business. As a counterpart to this, Hart and Sabin sought to devolve responsibility for service delivery within both service and central departments, to increase accountability, and to foster the replacement of administration by management at all levels (Sabin 1990).

Change in the wake of this programme, which in all important respects was delimited at the start of Hart's leadership, was substantial, and can be demonstrated in a number of ways. Perhaps most visible is restructuring of the chief officers' group, which witnessed change of both function and personnel. On the one hand, a number of departments were rationalized, and split into smaller, more accountable units. Economic Development was, for example, separated from Planning, to allow the economic development function to be exercised outside what are seen in Kent as the permanent constraints of a county planning department. Yet more radically, all central departments were reformed, through extensive devolution (of, for example, finance) to service departments, and through a reconfiguration of remaining central functions. Crucially, a Strategic Management Unit (until May 1990, Corporate Support Unit) was created in the Chief Executive's office to drive the change process, and to 'think corporately'. On the other hand, by the end of the 1980s, the chief officer group had been almost completely restaffed, with only two chief officers – County Surveyor and County Trading Standards Officer – remaining from the pre-Hart era. Moreover, as chairman of the Development, Planning and Transportation Committee in the years before he became Leader, Hart was also centrally involved in one of these two appointments, that of County Surveyor.

However, these high-profile changes do not really capture the essential spirit and full extent of recent institutional reconstruction at KCC. That they are highly visible is not at all uncharacteristic of the present leadership's operations. Indeed, in a number of cases of enforced rather than natural wastage – in the chief officers' group and elsewhere – a strong demonstration effect is implied. Missing from a structural analysis of institutional change is, however, its key cultural component. It is no accident that one of Sabin's first major contributions to the change process was a short paper, 'Changing the "Culture"', delivered to the council's Policy and Resources Committee in September 1986 (Kent County Council 1986).

This was intended to be, and did indeed become, the key document of KCC's structural and managerial revolution. Recognizing the propensity and ability of an organization like KCC, then employing some 50,000 people, to resist structural change, Sabin committed himself to a cultural revolution organized around three guiding principles: devolution of accountability to responsible departmental managers; emphasis throughout the organization on tasks of management, not administration; and development of a service orientation in all council operations.

Initially, this programme of cultural change, imposed from above, met with little success, and Sabin was forced within months to adopt an alternative approach which showed greater respect for the council's existing culture, and sought to work

with, rather than against it (Powlson 1987). Indeed, the very phrase 'changing the culture' soon became anathema to some council members, and had to be dropped. Nevertheless, the three key notions contained in Sabin's paper – devolution, management not administration, and closeness to the customer – remain today the guiding principles of management philosophy at KCC (Sabin 1989).

Once the necessary political will had been assembled to attempt implementation of Sabin's vision, revolutionary momentum was both generated and maintained by officers recruited to the Corporate Support Unit (CSU). Like Sabin himself, who had worked for Redditch Development Corporation before moving to Birmingham City Council and to KCC, CSU officers tended to come from what was seen in Kent as the tough (metropolitan) end of the public service. From their new base in the Chief Executive's department, these officers moved swiftly to implement change through destabilization. In CSU's first year (roughly, 1987), three departmental reorganizations were undertaken, in Computing and Management Services, Property Services, and Planning.

Little attention was paid to detail, and no work was undertaken in lower departmental reaches; such tasks could be left to incoming chief officers. CSU's main interest was always structural: flatter hierarchies; devolution of responsibility within them; accountability at all levels. From the original three departments, CSU created six as a means of furthering these goals. Computing and Management Services was split into Information Systems and Technology Services. Property was divided into Building Design Services and Land and Property Services. Economic development was separated out of Planning.

Simultaneously, CSU sought to create and develop medium-term planning throughout the organization. This had already been attempted under the previous Chief Executive, but had met with only limited success. One of the major challenges the new central establishment was expected to meet was to make medium-term planning actually work across the whole of the county council.

In its second year, CSU's biggest challenge, Education, was taken on. As the consumer in 1988/89 of 56 per cent of the council's revenue expenditure (Kent County Council 1989), this was one of the more powerful departments in the old KCC federation. Indeed, some members, mindful no doubt of the failure of previous attempts, considered its reform to be impossible. Nevertheless, when CSU emerged, major structural reforms had been undertaken. Previous division of Education by type of institution – primary, secondary, further, etc. – had been replaced by geographical bases – North West, North, West, East, Mid and South Kent – and devolution within each area, which previously had been minimal (Audit Commission 1988), had been established. With its reputation enhanced, CSU moved on to remove Legal Services from the County Secretary's responsibilities, and to reform the work of the County Treasurer. In each operation, its approach was quick and incisive.

It is evident that CSU was the key revolutionary agent employed by Hart and his leadership team, but it did not act alone. One of the main aims of KCC's revolution was to instil new cultural norms throughout the organization, and a means of doing this was to withdraw CSU officers once the necessary destabilization

and global restructuring had been realized, and to allow existing council personnel to manage the remainder of the change process. In this way, it was hoped that revolution would gain impetus from below as well as from above. Furthermore, CSU officers had other tasks besides that of destabilization and reorganization of KCC's departments. At the centre, they had important strategic responsibilities focused both on specific briefs – such as Europe, and the Channel Tunnel – and on medium-term planning across the entire range of council activity. In an attempt to institutionalize strategic thinking at the departmental level, they also had the task of supervising a procedure known as the 20 per cent Review Programme, by which 20 per cent of each department's activities is annually subjected to fundamental review.

The result is that KCC's change process is advanced. However, more than six years after Tony Hart became Leader of the Council, and almost five years after he appointed Paul Sabin Chief Executive, the exact nature and limits of change remain hard to determine. Elements of an assessment are amassed here through investigation, first of agents, and second of conditions, of change at KCC.

AGENTS OF CHANGE AT KENT COUNTY COUNCIL

The drama of change under Hart and Sabin tends to promote them as its agents, and to restrict investigation of change to the period of Hart's leadership. Whilst these two men are clearly central to any account of recent institutional change at KCC, and whilst the six years after 1984 witnessed unprecedented change in the county council, neither the role of these two men, nor the period of their predominance, should be the sole focus of an assessment of change. On the one hand, others played important parts. On the other, the process of change began before Hart became Council Leader.

Nevertheless, even in the first years of change, before he was Leader, Hart was important. It is difficult to say precisely when those years were, but reasonably safe to locate them in the period immediately after local government reorganization in 1974. By 1977, two key figures, Hart himself and Dennis Hunter, had been elected Conservative members of the Council, and very soon afterwards each occupied an important committee post. These posts were not, however, major committee chairs. Instead, in the late 1970s Hart was Chairman, and Hunter Vice-Chairman, of the Council's Performance and Procedure Review Group, which was a sub-group of the central Policy and Resources Committee (the chairman of which assumes leadership of the council). From these positions, Hart and Hunter began the change process which continues today. To understand how the management revolution of the 1980s could be started from such apparently obscure positions, it is first necessary to investigate KCC's departmental and committee structures.

Despite substantial alteration in detail over the course of the past 15 years, the principles which govern these structures have remained constant. They are, first, that every chief officer may be required to report to any council committee: and second, that the function of the Policy and Resources Committee and of its various sub-groups is to direct the corporate affairs of the council, and to consider council strategy. In theory, these principles generate a complex organizational matrix in

which many possible command structures are feasible. In practice, quite conventional reporting lines are employed in Kent. Nevertheless, the potential exists for unorthodox mechanisms of control.

In particular, the position of the Policy and Resources Committee, and of each of its sub-groups, is privileged: any policy of consequence has to pass through a Policy and Resources sub-group, or through the full committee. It is therefore in the Policy and Resources nexus that substantial power resides, and it was through one of the sub-groups of this nexus that Hart and Hunter first sought to generate institutional change at KCC. In reality, the positions they occupied were not at all obscure.

However, the change process which they sought to implement could only be directed through bilateral relations (or conflict) with individual departments. Before the changes of the late 1980s were instituted, KCC had a capacity for corporate thought, through the operations of the Policy and Resources Committee, but it lacked a mechanism for ensuring that the corporate line prevailed over departmental wishes, because of its essentially federal structure. As part of the change process, Hart sought to overcome this problem by introduction of a cabinet system among leading council members, and by subordination of chief officers to the Chief Executive (reinforced by CSU) in a direct line management relationship. When Hart and Hunter embarked on the change process, the problem remained very real.

Their first target was Highways, which the Hunter report, completed in 1978, subjected to detailed analysis (Kent County Council 1978). This report, the product of nine months' intense work, may be seen as a prototype for subsequent KCC departmental reviews. None of the CSU reorganizations of the late 1980s matched it for detail, but, being based on its key principle of devolution of responsibility to accountable managers (not administrators), each was its direct analytical descendant. Where Hunter differed from CSU reviews was in degree of member involvement. This was necessarily high in the late 1970s at the start of the change process, and a good deal lower in the late 1980s when change was being driven by CSU to the farthest corners of the organization.

In retrospect, the impact of this early review would seem to have been limited. In terms of concrete change, Hunter failed, and at the start of the 1980s, Highways was again subjected to analysis. By this time, Hart had become Chairman of the Development, Planning and Transportation Committee (which was not part of the Policy and Resources nexus), and another key figure, Michael Odling, recruited to the Council in 1981, had become Chairman of its Highways sub-group. Together, Hart and Odling engaged the Whitehead consultancy firm to conduct an organizational review of Highways, and to implement a programme of restructuring (Odling 1984).

This early need for a second (and external) review demonstrates the ease with which Hunter's proposals for change were resisted by conservative elements in the county council, on both officer and member sides. However, the report's impact was not negligible. At the start of what was expected to be a long and often difficult programme of change, the main intention of Hart and Hunter was to demonstrate to officers and members alike (and particularly to chief officers and committee

chairmen) that KCC's administrative structure was anachronistic, that its service delivery was inadequate, and that it must change. In this respect, the impact of Hunter was substantial. Its detailed analysis of Highways made a clear case for change, and prepared the way for reform in the 1980s.

The Hunter report was, then, the first product of an extended and intentional programme of destabilization at KCC. Unable on its own even to engineer a satisfactory restructuring of Highways, it nevertheless helped to create the conditions in which change could subsequently be effected on a broad front throughout the county council. It was therefore an important vehicle for the main agents of change, Hart, Hunter and Odling. Again, it is difficult to state the precise impact of these three men, or to uncover the reserves of support in the wider council membership on which they drew. Undoubtedly, however, they were involved in every significant initiative in the early years of the change process. Moreover, they moved successfully to occupy key positions on council committees such that, by the end of 1984, when Hart was Council Leader, Hunter Chairman of the Finance and Review Group of Policy and Resources, and Odling Chairman of the Development, Planning and Transportation Committee, they were in position to drive change throughout the organization.

That nothing less than the county council in all its operations was the target of their change programme had always been clear to a close observer. Initially, firms of consultants were used to effect change, and were requested to review first Highways, then Social Services, and then, in December 1984, the council's central departments. This key review, conducted by Coopers and Lybrand Associates (1985), and delivered in September 1985, then formed the basis for reconstruction of the centre, and creation of the Corporate Support Unit around a new chief executive. Once in place, CSU officers were able to work in effect as in-house consultants who nevertheless appeared in many departments to have many of the qualities of external agents. Subsequently, in 1986, Price Waterhouse was contracted to conduct a review of Education, but this was the last of the big consultants' reviews. Significantly, strategic restructuring of Education was undertaken by CSU, and only implementation was contracted to Price Waterhouse. Thus, within a year or two of its creation, CSU provided 'external' drive in all departments where change was sought.

It is clear that by this time Hart, Hunter and Odling were by no means isolated agents of change, and had probably not been so for some time previously. Yet, as has already been noted, the extent of their support, among leading officers as among leading members, is difficult to quantify. The 1984 leadership election which resulted in victory for Hart may well have registered dissatisfaction with the incumbent Leader, Bobby Neame, as much as it expressed positive support for Hart's change programme: a year previously, Hart had been unable to beat Neame in an election to select the successor to Sir John Gurgeon, Leader since 1974.

Indeed, this interpretation gains credibility when the characters of the main protagonists are investigated. Gurgeon and Neame were leading representatives of the Conservative Party establishment in Kent, the one being the other's natural successor. Hart, by contrast, was an outsider, and was highly critical of the county

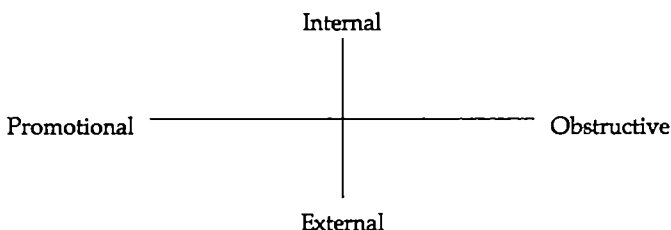
council which this establishment had controlled since reorganization in 1974 (and, of course, throughout the period before it). Initially his critique was viewed unfavourably by the Conservative group on the council (and by the council's chief officers, who found it demoralized staff), and it was perhaps dissatisfaction with Neame's performance, rather than Hart's change of tactics (and less damning critique), that allowed him to triumph at the second attempt. Though the personalities and circumstances were very different, there is a sense in which Hart's victory in Kent in 1984 replicated Mrs Thatcher's victory nationally in 1975. Each was an outsider bent on radical change, and each had the good fortune to face an establishment leader whose popularity was on the wane.

Thus, the extent of Hart's early control of the Conservative group on KCC is unclear. A fair estimate would probably be that, as was the case with Mrs Thatcher, judgment of him was suspended, but would not be so for long. His support in the chief officers' group was clearly minimal, though he did not meet resistance from the Chief Executive, Bill Jackson. Given that Jackson was scheduled to retire within 18 months of Hart's election, this may appear unimportant. However, Jackson's active cooperation in delineating the change mandate on which his successor would be appointed was in fact crucial to the recruitment of Sabin, and to the early progress which Sabin then made in driving Hart's change programme. To analyse the success of that programme, it is necessary to investigate the conditions of change at KCC.

CONDITIONS OF CHANGE AT KENT COUNTY COUNCIL

Conditions of change do not simply encompass positive forces driving change from within an organization. On the one hand, they also encompass positive forces driving change from outside an organization. On the other, they encompass both internal and external constraints on, and resistance to, change. Conditions of change are thus fourfold, and are organized along the twin dimensions of internal-external, and promotional-obstructive (or progressive-reactionary) factors shown in figure 1. Each quadrant is plausible.

FIGURE 1 *Conditions of change*



In analysing conditions of change at KCC, it is therefore necessary to determine the manner in which these factors combined to generate acknowledged change in the organization.

Most difficult to determine are external determinants of change, both progressive and reactionary. On the promotional side, it is hard to ignore the role of successive Thatcher governments in forcing change on local government, and, more generally, in generating a climate for institutional change in Britain. Yet at the same time it is important not to assume that local government change was to a large extent unknown in the years before Mrs Thatcher became Prime Minister. As has already been shown, in the case of Kent the change process predates Mrs Thatcher's accession to power, though it may be that her governments gave it the necessary impetus to prevail. The national framework in which local government operates may also be cited as an obstruction to change, for it both imposes legal obligations on, and raises social expectations of, local government which may impede change.

Internal forces of revolution and reaction, by being in some sense more present, ought to be easier to identify than external forces, but in the often obscure world of British local government this is not always the case. Only in extreme circumstances is local government subjected to the media attention and other forms of scrutiny that are routinely directed at central government, with the result that material is difficult to gather, and mechanisms of change are hard to identify. To a large extent reliant on actors' perceptions of events, the external observer has a crucial information deficit. The forces which he or she seeks to identify in spite of this deficit are member-officer coalitions supportive or obstructive of change. As these differ significantly between departments, change must be investigated on a departmental basis.

Returning to the case of KCC, the first task is to explain the emergence in the mid-1970s of members who sought radically to alter the council's organization and management. Two external factors would seem to be particularly important. One is world economic crisis, which put pressure on all organizations, both public and private, to seek greater efficiency in resource management, and which heightened awareness of the unsatisfactory nature of the British economy and British society. This factor helped Thatcher to defeat Heath in 1975. In the realm of local government, it was politically mediated to a limited extent by the Callaghan government. The other is local government reorganization, which happened to coincide with world economic crisis. Its impact on county councils was particularly marked, for it often brought onto them ex-members of unitary authorities which had reached what might be termed a higher stage of local authority development. These members were attracted by the perceived importance of counties in the reorganized local system, and by the managerial tasks which would fall to them. By contrast, members of the old county guard showed little interest in the new authorities. It can be said that after reorganization men with a mission were elected to county councils.

Hart and Hunter certainly fit this description, as does the later recruit Odling. Undoubtedly, others of a similar persuasion were elected to KCC in the 1970s. Paradoxically, the then leadership was also strongly committed to change, and recruited Hart (who in turn recruited Odling) to undertake some of the tasks he subsequently fulfilled. However, Grugeon differed from Hart in two important ways. First, he was a minimalist who was less concerned to restructure the county

council than simply to cut back its operations. Secondly, he was strongly involved in what Rhodes (1986) calls 'the national world of local government', both through local authority associations and within the Conservative Party, and perhaps had less interest in the detailed organization of his own council (Gyford and James 1983). Thus, processes of change commenced under Grugeon's leadership to which he either gave his tacit (but not very committed) consent, or of which he was unaware. These processes were to contribute to the downfall of his successor, Neame.

The early Hart-Hunter reviews reveal some of the internal forces of reform and reaction which were to be encountered at later stages in the change process. They demonstrate clearly both the amount that can be achieved by a small group of determined and resourceful members, and also the clear limits to their progress. Thus, the Hunter report was a good catalyst of later change, but made almost no direct impact on Highways until help with implementation was secured from outside consultants. The next review, of Social Services, was not really successful, in large part because Hart was not sufficiently committed to it, and failed to drive it to a satisfactory conclusion. Meanwhile, Education remained the big prize which was always tantalizingly out of reach. Among those who mattered, it would seem that only Hunter and Jackson were prepared to battle for change. The County Education Officer resisted them, and the Chairman of Education was prepared to stall for time on his behalf. This proved to be sufficient resistance, and the lesson was given that without the support of the chairman of the relevant service committee, successful change is virtually impossible.

Strangely, however, it was not properly learnt. In 1987, when Education was again brought within the reformers' sights, Hunter was placed by Hart in the chair of the Finance and General Purposes sub-committee of Education to engineer change. As a result, a great deal of structural reform was achieved by CSU and the consultants Price Waterhouse, but staff attitudes were not decisively altered, and in the end the job was left partially unfinished. A potential explanation for this is that Education is simply too big to be subjected to the reforming zeal of County Hall. A more plausible explanation is, however, that in the final analysis political will to complete a controversial reform was lacking at the head of the Education Committee.

By this time, changes at the centre of the county council were entrenched. In particular, CSU had been established on a change mandate. Vital to its successful institution, and to the entire programme of cultural reform, was the work of Coopers and Lybrand, which provided external support and cover for a controversial set of internal changes. Without this sort of authority, it is unlikely that the vision of Hart and his reform-minded colleagues could have prevailed over the cautious objections of other senior council members, many of whom had the tacit or overt backing of key chief officers.

The subsequent progress of reform differs by department, and is a function of different combinations of conditions of change. In a number of cases, external drive may be identified. In Highways, for example, an early piece of Thatcherite legislation, the Local Government Planning and Land Act 1980, introduced competition

requirements from 1 April 1981, and forced local authorities to establish Direct Works Organizations to undertake construction or maintenance works on an equal footing with the private sector. The rules governing tendering were tightened significantly during the course of the 1980s. Similarly, change in Education was to some extent overtaken by events, as the requirements of the Education Reform Act 1988 reinforced KCC's existing attempts to devolve management responsibility to schools, colleges, youth and adult education centres. In Social Services, implementation of the Griffiths report will have a similar effect, though Kent is well advanced in this area, and in some respects is actually the model on which Griffiths is based (Department of Social Security 1988; Department of Health *et al.* 1989). Elsewhere, external influences were less direct, but nevertheless important. Reform of the Police Authority, for example, drew some inspiration from the series of *Police Papers* which the Audit Commission has latterly produced.

However, the main influence of external forces of change in Kent was general, not specific. To a large extent, the county council was captured by forces of reform which then drove change from inside before the substantial external drive to change had gathered pace. As a result, the need for ministerial encouragement or enforcement of change in Kent was limited. At a departmental level, differential splits between internal and external forces may be observed.

Education has already been noted for its (partially successful) resistance to CSU-driven change. In Social Services, Norman Warner, formerly one of Lord Rayner's 'Raiders', was appointed in 1985 (by Hart, but before the arrival of Sabin) to take a managerial grip on the organization, and to drive change from inside the department. He found that in 1983–4 Kent had experienced a long and damaging strike of social workers, triggered not by pay, but by the dismissal of a NALGO officer. The clear message of the strike was professional discontent with management. In turn clear member perception of that discontent could be gauged by the appointment of Arthur Andersen, in 1983, and of Arthur Young, in 1985, to review departmental organization and management. Arriving as the Young report was being produced, Warner was able to use it as a means of increasing his budget, and of making a mark both on Social Services, and on KCC as a whole. With his increased budget, he proceeded to invest in personnel, training and the information technology that would be needed by a devolved department. A few symbolic sackings – of, for example, an ineffectual area director – and appointments – to personnel and finance jobs – were important parts of the Warner strategy, as was his high visibility within the organization. Each tactic had been learnt through direct experience of Raynerism in practice (Warner 1984a; 1984b), making for an unusually close link between central and local change.

The reality of change is, as ever, difficult to judge. The quantification which the Audit Commission (1986) identifies as key to efficient resource management, and the emphasis on measurement and prioritization which is its counterpart, now seem to be ingrained in Kent Social Services Department. This in itself represents massive cultural change in a Department which before Warner's arrival had almost no information technology, and therefore little ability to manage resources efficiently and effectively. The department now has a strong policy-making capability

at the centre, and an impressionistic assessment of its area management, where budgets are now held, is that it is free-standing and self-reliant. In each case, this indicates real change. At lower levels, devolution is to some extent a function of reformers' effort and attention. It is developed in care for old people and mental health, but less advanced in learning and physical disabilities, which have yet to be properly tackled. However, other factors also affect devolutionary progress. Care for children and families, which is crisis-driven and might therefore be expected to be easy to devolve, has actually proved difficult because of a strong professional culture. Thus, despite clear progress, the movement to care management is by no means complete, and empowerment of the base, which is the essence of Griffiths' proposals, with its (quite populist) promises of choice, flexibility and individuality, has not yet been fully instituted in Kent.

The means by which change has been generated in Social Services indicate that the 'assistance' of CSU is not always necessary to reform. In effect, Warner developed a departmental equivalent to CSU, led by himself, and was able to keep external agents at bay. As a result, the Social Services fiefdom remains largely under his control, and is likely to remain so as long as Warner retains the favour of Hart and Sabin. Only if the progress of Social Services reform falters, is their support likely to be withdrawn, and the department subjected to what in Kent are more orthodox means of change. Though atypical in this respect, experience of change at Social Services is a fair demonstration of some of the means by which reform has been effected at KCC since 1984, and of some of the progress that has been made in this time. A single departmental review cannot give breadth to an analysis of change at KCC, but it does provide depth, and an indication of the forces of reform and reaction which must exist throughout the organization.

The conditions of change at KCC which emerge from this analysis are often internal. The external pressures which built up in the 1970s were felt in similar ways by all local authorities, yet not all of them responded in the manner of KCC, which has been a good deal more reformist than many other county and district councils. Furthermore, the external pressure applied to local government by successive Thatcher governments was largely irrelevant to KCC, which consistently reformed in advance of central government's edict, and which actually informed some legislation by its pioneering practice.

Among those internal conditions, the political drive provided by Hart and his collaborators is central. It is certainly an exaggeration (encouraged by the present regime) to state that no impetus to reform existed outside the Hart group, but fair to say that Hart massively increased the pressure to reform. One of his key contributions to the change process was impatience, which was counter-productive at times, but which ultimately ensured that change acquired an almost irresistible momentum. By creating CSU, Hart in a sense institutionalized impatience, and ensured that forces of reaction would at the very least be given a tough fight. Operating through quick departmental hits, CSU sought to generate rapid and dramatic change. This tactic had the dual advantage of permitting a small staff of never more than thirty CSU officers to operate extensively throughout the county council, and of mobilizing departmental support for change. It had the disadvantage

of allowing the change process to be disrupted by determined resistance.

Thus, although change acquired substantial momentum at KCC, it was not total, and could be checked. Indeed, reaction was able to triumph both when political will was insufficient to drive change to a satisfactory conclusion, as was eventually the case in Education, and when structural forces were ultimately strong enough to halt reform, as was the case in those parts of Social Services with a developed professional culture, and as is undoubtedly the case in distant parts of the organization. Furthermore, it is by no means clear that devolved management is firmly entrenched at KCC. Sufficient progress has been made to ensure that some pockets of devolution will remain under almost any conceivable alternative regime, but it is quite possible that large parts of it will be rolled back by a different leadership. Politicians are inherent centralizers, and disquiet among the Conservative group, fuelled by over-spending in major departments such as Education and Social Services, could usher in a more conservative leadership. Were the drive to devolve not maintained, much current progress could be lost.

Again, the importance of political will emerges as the key condition of change at KCC, and institutional inertia is without doubt its greatest challenge. This conclusion has a number of implications for a more generalized account of local change.

CONDITIONS OF LOCAL CHANGE

Those implications are best addressed through reconsideration of the two tasks set at the start of this article. They concerned the will to, and success of, reform. In short, why was change attempted at KCC? And to what extent was it realized? On the basis of answers to these questions, more general conclusions about the conditions under which Conservative – and other – councils foster innovation may be drawn.

The argument advanced here is that change was attempted at KCC in large part because local politicians willed it. External forces were of course important. In particular, economic crisis, and its political mediation by the Thatcher administration, had a major impact on British local government. Yet this article's key contention is that local mediation of economic change was more important in Kent than national factors.

This entire account therefore turns on the activities of a very small group of people, and maintains that their role in directing reform in Kent was substantial. In line with those who hold that British politics were substantially altered by Mrs Thatcher's election victory in 1979, it argues that politics in Kent would not have taken the course they did had Hart not defeated Neame in 1984. As was stressed earlier, this argument is not voluntaristic, but manipulative. It does not suggest that everything can be, or was, changed by mere exercise of political will. But it does insist that will can be a crucial medium of change, in local politics as in national.

The extent to which real change has been effected by the Hart regime's exercise of political will is difficult to judge, as has been indicated at a number of points in this paper. The considerable scepticism which surrounds the 1970s corporate

management movement (Dearlove 1979) has been routinely directed at claims made by and about KCC. However, it is by no means clear that full scepticism is justified. Clearly not every ambition of KCC's reformers has been realized, but the evidence presented here suggests that in a number of areas significant change has been accomplished.

Indeed, an unwelcome testament to the reality of devolution in Kent is recent (limited) budgetary over-spend, and consequent disquiet among backbench councillors, including a number of Conservatives. In the years since reorganization – and probably for a long time before it – such an event is unprecedented, though it remains unclear precisely how much (or what kind of) significance should be attached to it. The Hart regime argues that earlier councils did not have a real budget (in the sense of one which imposes constraints on spending departments), such that over-spend in previous years was to all intents and purposes impossible. The fact remains that if devolution is seen to undermine financial control, and result in over-spend, the pressure to recentralize will be substantial.

Elsewhere, evidence of failure to reform cannot easily be dismissed. Indeed, the present reality of medium-term planning, one of the central mechanisms which Hart and Sabin attempted to institute, is itself open to question. There is at least an argument, to put it no more strongly, that CSU's early preoccupation with organizational issues in a number of departments and, particularly, with specific responsibilities such as Europe and the Channel Tunnel, reflects the complexities and failures of instituting a workable system of medium-term planning (and the need for CSU, which as a new body was likely to be viewed with suspicion, to register some early achievements). Without doubt, CSU did register some major successes. In particular, its reorientation of KCC's European strategy must be judged a substantial achievement. Not only has the council significantly increased its receipt of European funds, it has also greatly improved its profile in Europe, and taken Kent into the Transmanche Euroregion recognized by Brussels. Yet real success in developing a system of strategic management would seem to have been more elusive.

The suggestion then is that, although the fact of change at the centre of KCC is clear enough, its extent in more distant reaches of the organization is less readily proven. In an attempt to 'change the culture' on a broad front, the council launched a number of initiatives to improve internal communication, including a series of departmental open days and a number of departmental newsletters, but in many respects the impact on the base would seem to be minimal. Here, changes in direct material reward, rather than in the culture of the organization, would seem to have been of most relevance: the council's innovative 'Pay Plus' scheme, which has effectively undermined national pay settlements, allows greater flexibility in wage and salary determination, and has provided a welcome boost to take-home pay in a number of quarters.

There is in this evidence cause for scepticism, yet that cause should not be promoted to – or even within range of – the point at which all significant change is denied. In deciding how far scepticism should be taken, the central issue is the penetration of reform. Clearly, the centre of KCC has been reformed. Equally

clearly, large parts of the periphery have not. No precise identification of the frontier between the two is possible, but the impression research at many levels of KCC gives is of substantial and widespread organizational change. If nothing else has been achieved, the level of cost consciousness among council staff would seem to have been raised significantly. Moreover, the windows of opportunity to which the leadership group likes to refer have been established in many parts of KCC, and although they create apprehension for some, they are strongly welcomed by others.

In these circumstances, the extent of change at KCC cannot be exactly determined. Pockets of change and pockets of resistance co-exist in the council at present. The important point in the context of the discussion conducted in this article is that such change as was generated at KCC in the 1980s was in many respects the product of local political initiative. Extending this argument, it may be said that the will to change, currently institutionalized to some degree at KCC, could easily be lost by a future regime, and the entire process of change reversed.

Turning, finally, to consider the conditions under which Conservative councils foster innovation, and more generally still, local change is realized, the key argument advanced by this article concerns the crucial manipulative function of local political elites. There is no doubt that global forces were important to change in Kent, but any explanation which ignored or overlooked the importance of local mediation would appear very odd, not least to those who have driven the political struggle since 1984 (or thereabouts). Clearly local change is promoted and fostered by wider forces – it always helps to go the way of the world – but it is only driven effectively by local political mediation.

This conclusion is actually reinforced by accounts of the failure of the 1970s corporate management movement. For that movement was largely driven from outside local government, and only in localities where political elites emerged to assume its leadership did it stand any chance of success. An account of political manipulation therefore suggests that there is an important voluntaristic element to the conditions under which Conservative councils foster innovation. Global forces which foster change do not translate automatically, or even readily, into reform strategies at the local level. They must be mediated politically.

Local government experienced massive change in the 1980s. Without doubt, much of it was imposed by the Thatcher administration, though in some respects the Callaghan government began the process. However, beyond this centrally driven local change, a crucial task of mediation was undertaken by local politicians. At KCC, this task was substantial, and in important respects successful. It suggests that political mediation at the local level must be identified as one of the major conditions of local change.

NOTE

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PRIVATIZATION UNDER MRS. THATCHER: A REVIEW OF THE LITERATURE

DAVID MARSH

Public Administration not only publishes original articles but it also seeks to provide material which will be useful to teachers and students alike. In order to strengthen this facet of the journal, the editors are introducing an occasional series of articles which will review the current state of the literature in the various sub-fields within the subject of Public Administration. This contribution by David Marsh reviews the 'state of the art' on privatization in Britain. The objective is to draw together the extensive literature in a systematic fashion by identifying key texts and the main research findings. His review examines the origins of privatization, the several meanings of this term, the objectives of government policy, and assesses the extent to which objectives have been realized. He also draws attention to lacunae in the literature and important areas requiring further research.

The editors would welcome suggestions for future articles in this series. Any prospective author should contact the editors to discuss the proposed topic and, where feasible, we will provide assistance by obtaining books for review.

RAWR

The literature on privatization has grown at a rapid rate largely because it has become an increasingly important theme in government policy. What is more, the British privatization programme is widely acclaimed as a major economic and political success (Vickers and Yarrow 1988, p. 125; Veljanovski 1987, p. 205). In addition the scale of privatization in Britain is greater than elsewhere and the British experience is often viewed as a blueprint for other countries (Veljanovski 1987, p. 63).

My intention here is to review the burgeoning literature. This will also allow an interim assessment of privatization as practised in Britain. In fact, this review is divided into four sections. The first section looks at the origins and growth of privatization. The second section examines definitions, or classifications, of privatization; while the third section deals with the aims of the policy. The final substantive section, which is by far the longest, examines the extent to which the seven aims which are identified have been achieved.

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ORIGINS AND GROWTH OF PRIVATIZATION

The government's economic goals were explicitly stated in the 1979 election manifesto:

To master inflation, proper monetary discipline is essential with publicly stated targets for the rate of growth of the money supply. At the same time a gradual reduction in the size of the Government's borrowing requirement is also vital. . . . It will do yet further harm to go on printing money to pay ourselves without first earning more. . . . The state makes too much of the nation's income; its share must be steadily reduced. . . . The reduction of waste, bureaucracy and over government will yield substantial savings. We should cut income tax at all levels to reward hard work, responsibility and success (cited in Jackson 1985, p. 17).

The emphasis initially then was upon controlling the money supply, reducing public expenditure and cutting income tax. The manifesto did not use the term 'privatization'. Indeed, as far as most authors are concerned privatization was not a consistent, coherent policy developed in opposition and carried out in power. However, in contrast, Young argues that the policy was coherent: 'What is distinctive about the approach adopted towards [privatization] during the 1977-85 period? It has been different from what went before in the sense that it was applied as a philosophy on a sustained and continuing basis' (Young 1986, p. 245).

Young's argument is worth examining because he certainly presents one of the best reviews of the different forms of privatization in Britain. (For the best review of privatization in the USA see Savas 1987.) He accepts that there was an experimental element in the overall strategy but argues that the Conservatives came to power with a number of specific proposals. He is right. They did have four specific commitments in their manifesto which could be considered aspects of privatization. They pledged themselves to: sell back to private ownership the recently nationalized aerospace and shipbuilding concerns; sell shares in the National Freight Corporation (NFC); and relax licensing regulations to enable new bus services to develop. In addition, and with more electoral significance, they promised that council and new town tenants could buy their houses, at a discount increasing with the length of the tenancy. However, such commitments hardly represent a programme and they were dwarfed by the emphasis placed upon monetarism in the 1979 manifesto. At the same time, the 1979 manifesto was an inaccurate predictor of events: shipbuilding was not denationalized; the shares of the NFC were not offered to the general public and Amersham International, Associated British Ports, Britoil and Cable and Wireless, none of which were mentioned, were sold (see Grimstone 1990, p. 4).

Young goes further claiming: The idea that there was an overall strategy is further shown by the way in which privatisation policies were pursued even when they cut across other cherished government aims (1986, p. 247). He suggests that this strategy is reflected in two developments. First, privatization has been pursued even when it doesn't promote competition (pp. 247-8). Second, privatization has been promoted by the government, even when the cost of that promotion has

led to increased public expenditure (p. 298). As we shall see later, few, if any, of the authors under review here would dissent from either of these points. It is Young's interpretation of their meaning which is particular and poses problems. The government privatized British Telecom (BT) without breaking it up or ensuring effective competition, in large part because of the representations of the management (see below pp. 467). At the same time, the government's aims in relation to privatization have changed substantially over time. As they have changed, and the political aims have become more important, so the government has offered incentives to ensure successful asset sales and broader share ownership (see below pp. 475). Far from establishing the consistency and coherence of privatization policy, as Young suggests, these developments indicate the inconsistencies and contradictions in the policy (see Mitchell 1990, p. 19).

Two other points about the origins and growth of privatization are important. First, the government proposals for denationalization, asset sales and contracting out were not novel. All Conservative governments since the war had been committed to some denationalization. The first asset sales in British Petroleum (BP) designed to reduce the Public Sector Borrowing Requirement (PSBR) were made by the Labour government, under pressure from the International Monetary Fund, in 1976/7 (Brittan 1984, p. 109; for more details see Fraser 1988, pp. 51-2). Similarly, contracting out was common in the local authority sector in the 1950s (Ascher 1987, p. 23). More significantly, there is little evidence of any Conservative commitment to privatization in opposition (Mitchell 1990, p. 17) and in its first term the government had limited horizons in this field. It was only in the second and third terms that privatization, and in particular special asset sales, became a dominant theme of economic policy.

Why did the privatization programme grow so much during its second term? Two points are clear from the literature. First, the impetus towards privatization came from the government not from the electorate (McAllister and Studlar 1989). Second, the government embraced privatization for political rather than economic reasons. As Brittan argues (1984, p. 110), selling public assets was politically much easier, and more popular, than cutting public expenditure. In addition, during its first term the government suffered a number of disappointments with its economic policy; unemployment rose rapidly, the recession deepened, inflation increased, manufacturing output declined and interest rates rose. Most embarrassingly, the money supply figures grew consistently faster than the government's plans, with public expenditure growth being most marked in Agriculture, Industry, Trade and Employment and Social Security. Even when inflation began to fall towards the end of the first term, this fall owed nothing to the control of the money supply, which was still rising (Whiteley 1985). It was not surprising that the government seized upon privatization as an alternative way to control the PSBR, given that the proceeds from such sales are treated as negative public expenditure and thus reduce the PSBR. In addition, as Moon *et al.* argue, the deterioration of relations between Whitehall and the nationalized industries, particularly after the election of Conservatives, also provided an incentive to privatize these industries (Moon *et al.* 1986).

Of course, in many ways privatization fitted well with the government's broader political and economic views; it was argued it would increase efficiency, reduce public expenditure and help discipline public sector unions. However, as Abromeit emphasizes:

It should not be overlooked (as most commentators seem to do when praising the Government's astonishing success in avoiding U-turns) that the privatisation policy marks a decisive U-turn in the Government's monetarist policy, of which it was originally meant to form an integral part; the sales have turned into an easy means to circumvent the fiscal constraints, following from restrictions of the money supply which ought to be the core of monetarism. Monetarism is clearly in tatters when, as *The Economist* has noted, state assets are sold because 'State treasurers want to raise money without printing it' (1988, p. 84).

WHAT IS PRIVATIZATION?

There are a number of different developments which are usually associated with privatization. (The best discussions of definitions of privatization are to be found in Wiltshire 1987, pp. 15–29 and Savas 1987.) Young (1986) identifies seven different forms which privatization has taken in Britain: first, special asset sales, which can involve denationalization, as was the case with British Gas (BG), British Airways (BA) and British Telecom (BT), the sale of public sector companies previously bought by the government, companies such as Jaguar and Rolls Royce or the sale of government holdings in private companies such as British Petroleum (BP); second, deregulation or relaxing state monopolies which exposes individual public sector organizations to competition, as was the case in the bus industry; third, contracting out work previously done by direct labour in local government, the NHS and the civil service; fourth, the private provision of services, allowing the private sector to provide services to the public, such as private sector homes for disturbed adolescents, the mentally ill and handicapped and nursing homes for the elderly; fifth, investment projects designed to encourage the private sector to invest in projects in deprived areas and extending private sector practices into the public sector, often involving the creation of special units within public sector organizations to secure a more commercial return on assets; sixth, reducing subsidies and increasing charges, particularly in relation to the welfare services (Young 1986, pp. 238–44). Finally, a number of authors regard the sale of council houses as an important element of privatization, given that such sales have greatly reduced public sector housing provision and therefore the scope of the public sector for housing (see Forrest 1988; for the best review of most of these developments, see Fraser (ed.) 1988; for a thinner, but entertaining, summary of asset sales see Chapman 1990).

As it reflects the existing literature, this review will concentrate on asset sales, although I shall also deal in some detail with contracting out and refer to deregulation and council house sales (for the best reviews of the privatization of welfare provision see Parry (ed.) 1989; Papadakis and Taylor-Gooby 1987; and Le Grand and Robinson (eds.) 1984).

THE AIMS OF PRIVATIZATION

What were the aims of the privatization policy? Some authors suggest that privatization was not a thought-out policy. Bishop and Kay (1988, p. 10) for example, argue that privatization was: 'a policy which was adopted almost by accident but has become politically central; a policy which has no clear-cut objectives, but has become almost an end in itself'. This is, perhaps, a trifle overstated and Abromeit (1988, p. 72) may be nearer the mark when he argues:

[the system of aims] was not formulated at the beginning of the policy of privatisation: we search in vain for official Government pronouncements – e.g. a White Paper – from the early years which comprehensively presents and adequately clarifies the aims and scope of the proposed measures. Only in recent times, after this policy has steadily expanded by a sort of dynamic of its own, have Government members, in particular John Moore, made it their business in various speeches to equip the *de facto* policy, after the event, with a more or less consistent philosophy (see also Pitt 1990, p. 60 and for Moore's speeches, Kay *et al.* (eds.) 1986, chs. 2 and 4).

Even Veljanovski, who has considerable sympathy with both the government's aims and their achievements, acknowledges that: 'the goals of privatisation evolved gradually and the emphasis given to each of these goals has been different for each privatisation' (Veljanovski, 1987, pp. 7–8). It is clear that the privatization policy had a number of aims, which at different stages, and to different observers among both academics and Conservative politicians, received different emphases. It is perhaps not surprising that these aims were, to an extent, contradictory. In fact, Vickers and Yarrow (1988) identify seven aims of the government's privatization programme; others produce similar, if mostly shorter, lists (Abromeit 1988, pp. 71–2); Curwen 1986, pp. 164–72; Heald and Steel 1982, pp. 331–41; Ramanadham 1988, pp. 12–18; Veljanovski 1987, pp. 1–10; Mitchell 1990, p. 19): reducing government involvement in industry; improving efficiency in the industries privatized; reducing the PSBR; easing problems in public sector pay determination by weakening the public sector unions; widening share ownership; encouraging employee share ownership; and gaining political advantage (Vickers and Yarrow 1988, p. 157). How successful has the government been in achieving these aims? Overall, as we shall see, their 'success' has been limited but each aim is worthy of some consideration.

ACHIEVING THE AIMS OF PRIVATIZATION

a) Reducing government involvement in industry

The scale of privatization is immense. In fact, by early 1991: over 50 per cent of the public sector had been transferred to the private sector; 650,000 workers had changed sectors, of whom 90 per cent had become shareholders; 9 million people were shareholders, which represented 20 per cent of the population, as compared with 7 per cent in 1979; the nationalized sector accounted for less than 5 per cent of the UK output as compared with 9 per cent in 1979; about 1,250,000 council houses had been sold, most to sitting tenants under the 'right to buy' provisions;

and contracting out was well established in the NHS and the local authority sector. (For the best analysis see Fraser 1988, p. 14 and pp. 86–91.)

Here we are most concerned with the flotation on the Stock Market of nationalized industries and other public corporations, rather than with the direct sale of government stakes in companies or the 'hiving off' of more profitable parts of public companies (see table 1; the distinction is developed by Fraser (ed.) 1988). However, as Abromeit points out, such flotation does not inevitably, or in all ways, reduce government involvement. Indeed, privatization can be compatible with an extensive government role in the economy, (see especially Graham and Prosser 1988 and 1991). In Britain, government intervention has taken a number of forms. First, in most cases the government initially retained a minority of shares in BP, British Aerospace (BAe), Cable and Wireless, Britoil, Associated British Ports and BT, although these were subsequently sold off. Second, after the majority of flotations the government retained a 'golden share' which allowed it a wide variety of powers to block types of shareholding and vary voting rights, share issues and the disposal of assets (see table 1; and Abromeit 1988; Curwen 1986, pp. 210–11; Thompson 1990, p. 154). Third, the government has had to create a series of regulatory agencies which are dealt with at greater length below (pp. 469–70).

Thompson makes the point well: 'Along with the regulatory bodies and the MMC (Monopoly and Mergers Commission) – which supervises takeovers and monitors restrictive practices in the economy generally – [the goldenshare] installs very extensive powers to determine the course of these companies' development' (1990, p. 154). In fact, as Abromeit (1988, p. 80) points out the government has created hybrids which in some other European countries are called mixed-economy undertakings and would still be counted as public enterprises.

The Conservative government has generally chosen not to interfere but the powers remain and might be used differently by a government committed to greater intervention in the supply side of the economy.

b) Increasing efficiency

Most academic economists argue that the success of privatization should be judged largely, if not exclusively, in terms of any improvements in efficiency and competition made as a result of privatization (see especially Swann 1988, p. 302; Vickers and Yarrow 1988, p. 426). Here we need to deal with three key aspects of privatization separately: liberalization/deregulation, contracting out, and asset sales. In addition, the whole question of regulation needs examining.

In its first term the government introduced legislation designed to liberalize markets and remove entry barriers in bus and coach services, telecommunications, oil, gas and electricity supply. Subsequently, less emphasis was placed on deregulation and more on asset sales, but important steps were taken to deregulate the financial markets and the private rented housing market. These measures have not met with a great deal of success. For example, Jaffer and Thompson reviewing the deregulation of express coaches argue (1986, p. 64): 'The early verdicts – following in the wake of spectacular price reductions and the introduction of innovative services now look altogether too favourable'. More specifically, they

TABLE 1 Asset Sales 1979-91

<i>Company</i>	<i>Financial year of initial flotation</i>	<i>Golden share</i>	<i>Net proceeds to HMG (£ millions)</i>	<i>Times oversubscribed (under-subscribed)</i>	<i>Discount on share price (%)</i>
British Petroleum	1979/80	No	6,149	N/A	—
British Aerospace	1980/1	Yes	390	N/A	—
Cable and Wireless	1981/2	Yes	1,024	5.6	17
Amersham International	1981/2	Yes	60	24.0	26
Britoil	1982/3	Yes	53	(0.3)	N/A
Associated British Ports	1982/3	No	97	34.0	21
Enterprise Oil	1984/5	Yes	382	(0.4)	N/A
(British Gas subsidiary)					
Jaguar	1984/5	Yes	—	8.3	6
(British Leyland subsidiary)					
British Telecom	1985/6	Yes	3,681	3.0	21
TSB	1986/7	No			
British Gas	1986/7	Yes	7,731	4.0	11
British Airways	1986/7	Yes	850	23.0	29
Rolls-Royce	1987/8	Yes	1,028	9.4	25
British Airports Authority	1987/8	Yes	1,183	8.1	12
10 Water Companies	1989/90	Yes	3,480	2.8	17
Electric Companies	1990/91	Yes	5,200	10.7	21
2 Electricity Generating Companies (Powergen and National Power)	1991/92	Yes	2,000	4.0	37

suggest (p. 65): Incumbents, in particular National Express, have continued to dominate the deregulated market and our analysis indicates that this is a consequence of barriers to entry...rather than the consequence of the incumbent's relative efficiency.' Gist and Meadowcroft report a similar picture in the telecommunications industry (1986, p. 63):

A policy of promoting competition in a newly liberalised market where the incumbent remains dominant, as BT does in communications, requires certain policy provisions if it is to be effective. In particular, the rules that govern the dominant firms' behaviour should contain a strong presumption against certain activities, such as the acquisition of industrial property rights, establishing exclusive contracts and extending existing market dominance through the acquisition of other firms. When seen in this light the regulatory regime created for the UK telecommunications industry cannot be considered a strong one. (For similar views on electricity supply see Hammond *et al.* 1986, especially pp. 30-1).

Croft (1990) and Thompson (1990, pp. 159-62) are more positive about the effects of deregulation of financial markets while Kemp (1990) argues that liberalization of the private rented housing market may have minor positive effects. Overall, however, it is difficult not to agree with Helm and Yarrow's (1988 p. vii) assessment that the liberalizing legislation in the early 1980s had a limited effect because it lacked teeth.

The introduction of contracting out and competitive tendering has led to significant cost savings. (For a classification of the various types of contracting out see Hartley 1990, p. 171.) Studies report savings of 20 per cent or above for: refuse collection, whether the contract is awarded in-house or not (Domberger *et al.* 1986 and Cubbin, *et al.* 1987); hospital domestic services (Domberger *et al.* 1987); a broad range of local authority and health authority services (Hartley and Huby 1985); and services in the London Borough of Wandsworth (Ascher 1987).

These studies do have major problems: different methods are used to calculate savings; often the studies assess expected savings rather than measuring actual ones; and sometimes the data are collected from interested parties, councils with an ideological commitment to privatize or even contractors who have won contracts (see Hartley 1990, p. 190). There is little doubt that initial bids by private contractors were loss-leaders while there is considerable debate as to whether or not the standard of services has declined as contractors cut costs (see especially Gornley and Grahl 1988).

Management buy-outs have also been an important feature of the contracting out process in local government and the health service. In 1989 the privatization of public sector services accounted for over 4 per cent of all management buy-outs. However, here too the main consequence of privatization has been a deterioration in the pay and conditions of workers (*Labour Research*, December 1990).

Almost all observers are agreed that asset sales have very rarely led to increased competition. Vickers and Yarrow (1988, pp. 425-9) offer a harsh judgment on government policy:

The razzmatazz associated with stock market flotations is the most immediately visible aspect of privatisation, but in the long run the British privatisation programme will be judged in terms of its effect on economic efficiency. By failing to introduce sufficiently effective frameworks of competition and regulation before privatizing such industries as telecommunications and gas, the Government has lost a major opportunity to tackle fundamental problems experienced in the past under public ownership. By pushing the programme too far and too fast, the Government is undermining the long-run success of privatisation in Britain. (See for similar views Curwen 1986, ch. 8; Swann 1988, pp. 295–306; Ramanadham 1988, pp. 270–6).

It is often emphasized that asset sales have not resulted in widespread management changes (Dunsire *et al.* 1988, p. 382) or that there has been little change in the managerial culture in the privatized companies, precisely because competition has been severely limited (Ramanadham 1988, p. 276). In contrast, executive salaries in these companies have grown reasonably (see Chapman 1990, p. 66). More importantly, a number of authors point to the success that many privatized companies have had in fighting off the threat of competition (Curwen 1986, pp. 258–74; Swann 1988, pp. 3402–6; Mitchell 1990, p. 22; Beauchamps 1990, p. 57). As Abromeit (1988, p. 75) puts it:

Even the new and placable chairmen have proved to be a match for the Government when it came to the 'hows' of privatisation, particularly since they were rather successful in committing their sponsor departments to their own ideas, i.e. they succeeded in transferring their conflicts with Government into the Government machine. The BT managers, for instance, succeeded – quite conspicuously – in inducing the Government to drop most of its original ideas about liberalisation in the telecommunications industry (see also Curwen 1986, pp. 258–74, and Swann 1988, pp. 302–6).

Even Veljanovski (1987, p. 162) admits that: 'In British Gas's case, however, the failure to dismantle this monolith was a mistake and will place a heavy burden on the regulators'. However, he argues that it was extremely difficult for the government not to take account of the demands of the putative privatized company's management, given that it needed their co-operation (pp. 14–15).

The government also had political reasons for limiting competition. Introducing significant competition into monopoly industries would have necessitated a more complex structure for the industries which, particularly if linked to opposition from the putative managements, would have delayed privatization. Delay did not fit in with the government's political timetable (Baldwin 1990). More importantly, the government was anxious to ensure the successful sale of the privatized companies and this success was much more likely to occur if the company retained its monopoly position (Baldwin 1990, p. 98; see also Thompson 1990, p. 148). Here, there was a clear tension between the government's main economic aim – increasing competition and efficiency – and its broader political aims. In such circumstances, the political aims appear to have been paramount.

In the more recent privatizations of water and electricity, the government has introduced some elements of competition, although the fact that both these

industries are natural monopolies has made this more difficult. In the case of water the ten regional water companies were privatized separately. This practice was repeated for the regional electricity companies, while the generating industry was split into two competing companies – National Power and Power Gen. There is little doubt that the government has responded to the criticism of past privatizations, particularly British Telecom (see Veljanovski 1987, pp. XXI–XXIII; Pitt 1990, p. 72; Mitchell 1990, p. 20). This is also reflected in the decision in 1991 to liberalize the telecommunications market encouraging other companies to compete with BT and Mercury.

The relative lack of competition does *not* necessarily mean that there has been no improvement in the efficiency of privatized companies. Of course, there is a considerable problem with assessing efficiency because, although profitability, productivity and output may have increased, the standard of the service may have fallen, given that many of the privatized companies retain their monopoly, or totally dominant, position in the market place. In addition, as Curwen points out, most of the early privatizations involved companies which were already relatively efficient and profitable (Curwen 1986, p. 166).

However, there have been a number of attempts to assess the performance of the privatized companies. Veljanovski (1990), claims that profitability increases have been impressive. Curwen (1986, pp. 212–13, see tables 6.11 and 6.12) is more circumspect, suggesting that while the performance of newly privatized companies have been variable, most have performed well. Most other analyses are more sceptical.

Dunsire *et al* (1991) examined patterns of productivity, profitability and employment in a variety of companies which experienced status or ownership change including BAE, the National Freight Corporation (NFC), BT and the Royal Ordnance Factories (ROF). They found that, if they compared total factor productivity with national trends, only one of the privatized companies (NFC) showed an improved performance. If profitability was used as the measure, there was a marked improvement in only one company (ROF). There was a major labour shake-out in two companies (NFC and BAE), a limited labour shake-out in one (BT) and no employment change in the ROF.

Similar results are reported elsewhere. In particular, it is suggested that there has been little improvement in productivity as a result of privatization and a mixed pattern on profitability (Thompson 1990, p. 156; Bishop and Kay 1988, ch. 9).

British Telecom has received particular attention but again the picture is, at best, mixed. Pitt (1990) argues that privatization has had clear consequences. More specifically, he suggests that it now takes competition more seriously and pursues a more aggressive management style (p. 66). In addition, he points to a variety of organization changes designed to increase effective management and profitability which have occurred (pp. 68–9). In contrast, Foreman-Peck and Manning (1988, p. 66) examine total factor productivity in the European telecommunications industry and emphasize that the results ‘do not show BT clearly performing better than its State-owned monopolistic counterparts in continental Europe’. Similarly, Foreman-Peck argues elsewhere (1990, p. 20):

The reorientation of British telecommunications policy in 1981 and 1984 transformed most possible influences on performance. Private ownership and competition were introduced, and the government ceased to use the system as a policy instrument on any significant scale. Yet the simulation suggests no substantial improvement in productivity and calls (the principal output) growth since liberalisation.

At the same time, even Pitt suggests that 'short-termism' has been one consequence of the increased market pressures on BT; more specifically there has been a marked reduction in BT's research and development expenditure.

There is also some discussion in the literature of the consequences to customers of privatization. Doubts have been expressed about the quality of services provided by the privatized companies (see Thompson 1990, p. 157), although this is clearly difficult to assess (Bishop and Kay 1988, p. 71 and p. 80). At the same time, it is suggested that a common consequence of privatization is increased prices to customers. For example, Bunn and Vlahos (1989, p. 144), after a detailed analysis of the likely consequences of privatization in the electricity supply industry, argue: 'looking some twenty-five years ahead . . . the effect of privatisation is a price increase above our base case, of between 40 per cent and 90 per cent depending upon the . . . required rate of return for the generating companies.' Of course, there are other economic aspects of the privatization process which might lead us to question its aims and success. The process has certainly been expensive to the tax-payer. Here, Buckland's (1987) analysis is the most thorough. He emphasizes that some of the privatization sales have been made at prices which have been significantly more heavily discounted than is normal for public sector sales (p. 245 and table 2, p. 246). Buckland's table (p. 250) indicates that the government's investment in the policy up until 1987 was between £600 millions and £1,300 millions, and he points out that the later issues 'cost' the tax-payer more when the government used them as vehicles for the creation of new shareholders.

More recent figures produced by the National Audit Office confirm Buckland's analysis (Beauchamps 1990). They calculated that by the time the electricity generating industry is privatized, the process will have cost the government £2,375 millions, more than half of which will have been spent on water and electricity. Buckland concludes, 'by every yardstick, [the] policy has been shown to be costly to the tax-payer' (p. 255; for a similar analysis see Curwen 1986, pp. 204-8, and Abromeit 1988, pp. 77-8). McCarthy's conclusion is even more scathing, although this, to an extent, reflects his political views; he views the government's privatization as asset-stripping (McCarthy 1988, pp. 74-6).

The lack of competition facing the privatized companies has ensured that the question of regulation is very important. Indeed, it is one of the paradoxes of privatization that it has involved greater regulation (see Thompson 1990, p. 135). The government is at the centre of this regulation, despite the Conservatives' stated desire to reduce intervention (Graham and Prosser 1988, p. 81). In fact, the government established a series of agencies to ensure regulation, OFTEL, OFGAS, OFWAT, etc., while the Monopolies and Mergers Commission is also involved in this process.

There are clearly a series of problems involved in the process of regulation (see

Helm and Yarrow 1988, pp. xxx). They can lack expertise (Ramanadham 1988, pp. 280–1) and, information from the regulated company (Vickers and Yarrow 1988, p. 427). The overall pattern is fairly clear. The regulatory agencies lack power, at best they have influence which they can exercise through a process of negotiation and consultation with the privatized company (see Graham and Prosser 1988, p. 81; Pitt 1990, p. 71).

It is too early to assess the affect of regulation but it is clearly, in large part, dependent on the ability of the regulating agency to maximize its powers. Even Veljanovski (1987), who is very optimistic about the future of regulation, recognizes that the relative success of OFTEL owes a great deal to the ability of its Director General, Professor Carsberg, to use his limited powers to maximum effect and, even more to the fact that: 'the tele-communications sector is perhaps unique among the utility industries because in it competition is possible. Gas, Water and the other utilities pose more serious problems and it is disturbing that OFGAS has much narrower powers and is a much smaller agency' (p. 186).

c) Reducing the PSBR

There can be little doubt that the PSBR has been significantly improved by the sales, although there is disagreement about the importance of this as a government aim. Brittan (1984, pp. 11–37) argues that it wasn't a significant reason for the programme, whereas most other authors suggest the opposite. As table 2 indicates, receipts from privatization sales have risen dramatically since 1979/80. In 1988/9 they topped £7 million, although this fell to £4.2 in 1989/90 and £3.7 million in the first three quarters of 1990/91.

This dramatic rise in receipts from special sales didn't result in an immediate fall in the PSBR. Even given these proceeds, the PSBR persisted at 3 per cent a year, despite the predictions in the Medium Term Financial Strategy that it would fall to 1.5 per cent (see Buckland 1987, p. 242 and table 2, p. 243). Subsequently, since the financial year 1987/8 the public sector deficit has disappeared. This results in large part from the dramatic increase in privatization receipts but the public sector financial deficit has also fallen markedly, so other factors are involved (see Maynard 1988, pp. 74–6).

At the same time, the government's policy in relation to PSBR clearly changed. Thompson (1990, p. 144) makes the point very well:

In a period when Government expenditure and the PSBR is seen as the main culprit responsible for the economy's ills and particularly for inflation there is a massive incentive for the Government to begin a privatisation programme independently of all the competition and efficiency arguments. This very much informed the early move towards such a programme in the United Kingdom. However, strong evidence to support the claim of a link between the PSBR and inflation (via the money supply) failed to materialise. In addition, the Government turned towards more overtly supply-side policies. In this context the proceeds from the privatisation programme could be used to offset other expenditure and finance the Government's tax-reduction aspirations – all this and the PSBR continuing to be reduced or becoming a surplus. Thus, the

TABLE 2 Privatization proceeds: contribution to government expenditure financial years 1979/80-1989/90 (in billions)

	79/80	80/81	81/82	82/83	83/84	84/85	85/86	86/87	87/88	88/89	89/90	90/91**
Proceeds from privatization (in real terms*)	.475	.520	.577	.425	1.4	2.5	2.9	4.7	5.1	7.5	4.5	3.90
PSBR (before privatization receipts: surplus figures in brackets)	12.6	13.1	9.1	9.4	10.9	12.3	8.5	7.8	1.7	(7.0)	(3.4)	NA
Receipts as % of PSBR	2.9	3.1	5.4	5.2	10.5	17.3	31.8	56.7	282.3	NC	NC	NA
Receipts as % of general government expenditure	0.4	0.4	0.4	0.4	0.8	1.4	1.7	2.6	3.2	4.5	NA	NA

* Adjusted to 1987/8 price levels

** Figures for 1990/91 are for the first three quarters only.

NA Not Available.

NC Not Calculated as PSBR is positive.

financial objective changed somewhat, to providing the manoeuvring room for desired tax cuts in the name of their supposed supply-side incentive effects.

In essence, privatization ceased to be a means to reduce the PSBR, rather it became a way of financing tax cuts without reducing public expenditure. This raises the broader question, which is well beyond the scope of this review, of whether the money raised was spent wisely (see Thompson 1990, p. 148).

d) Curbing public sector union power

There is little doubt that one of the chief initial concerns of the Conservative government was to curb union power. In part, this was because they opposed corporatist economic strategies and the resulting trade union involvement in economic policy-making but the Thatcher government also believed that the Heath government had been brought down by the trade unions, or more specifically the NUM (see Heald and Steel 1982, pp. 344–5; both Heald 1985, p. 11 and Abromeit 1988, p. 73, pay particular attention to the Ridley report). At the same time, the trade unions in the private sector were viewed as a constraint on the operation of the market, while it was argued that trade unions in the public sector forced up wages and, thus, public expenditure and the PSBR. The government's industrial relations legislation was the main means it used to alter the balance between employers and unions (see Marsh 1992). However, as far as public sector unions were concerned, privatization was seen as a means of reducing their size, bargaining power and influence over policy.

The unions have been particularly affected by two key aspects of privatization; contracting out and asset sales. As far as contracting out is concerned three developments are clear. First, there has been a loss of jobs, although the scale of the redundancies may be greater in the local authority sector (see Ascher 1987, p. 104, table 4.1), than in the NHS (Milne 1987, pp. 154–69). Second, competitive tendering has resulted in lower wages, regardless of whether the final contract is awarded externally or in-house (Ascher 1987, pp. 107–8). Third, working conditions, notably in relation to holidays and overtime, have worsened (Ascher 1987, pp. 108–10).

The effect of asset sales on unions is more complex and there is less agreement among observers. Curwen (1986, pp. 168–9) examined the industrial relations systems in those companies privatized before June 1984. He found that only two attempts had been made to change the bargaining systems and concluded:

The picture presented is, on the whole, quite favourable to the unions, with jobs being created as well as being lost. . . . That privatisation should bring both gains and losses is hardly unexpected, but the Government must be somewhat disappointed and the Unions pleasantly surprised, at the way in which the balance between the two has worked out in practice.

However, this conclusion may be misguided. Certainly, the TUC's publication, *Bargaining in Privatised Companies*, presents a different picture. They argue that virtually all the privatized companies have had major redundancies and that, while management salaries have risen significantly after privatization, unions have only

been able to achieve an improvement in non-managerial real wages in return for important concessions on terms and conditions of employment or large-scale redundancies. In addition, the TUC specifies a number of detailed complaints against the industrial relations practices of the management of most of the privatized companies.

There seems little doubt that the situation for unions has worsened in many of these companies, but there is doubt both as to how much it has worsened and how far this change results from privatization. In fact, it appears that there is no consistent pattern (see D. Thomas 1986). Certainly the experience of BT and BG after privatization is very different. Privatization led to rapid and major changes in BT's bargaining structure but not in BG's, while unions claim a marked reduction in areas for negotiation and consultation in BT in contrast to BG. In both companies there were perceptible changes towards a more assertive management style, but this was much more noticeable in BT. In BT, privatization was followed by a major managerial initiative to change key elements in the terms and conditions of employees; indeed, in 1986-7 there was a major industrial dispute over BT's efforts to link pay increases to changes in work organization and other efficiency measures (see IRS 1989; and also Pitt 1990, p. 69).

If a company passes into the private sector it doesn't inevitably lead to fundamental changes in the industrial relations system. Industrial relations in many of the industries privatized, and particularly in most of the first ones sold, were good prior to the change in ownership, which may explain Curwen's results. There is little doubt that here, as elsewhere, the changes in industrial relations practice have been greatest in companies in which there was a poor history of industrial relations (see Marsh 1992).

At the same time, other factors appear to be more important than ownership in affecting industrial relations practice and bargaining. As Abromeit suggests: 'one look at the capacity-reduction policies of the British Steel Corporation [before privatisation] or [British Coal] makes the unions' contention that privatisation would increase unemployment sound slightly ridiculous.' (1988, p. 73). In fact, Vickers and Yarrow argue that private companies may be less able to resist union pressure because they have fewer resources while government may have more reason to stand firm or face similar demand from other public sector workers:

Both these effects were at work in the year-long coal strike in 1984-1985. The Government was content to incur massive financial losses to secure victory, and its resolve to defeat the National Union of Mineworkers was inspired in large part by the demonstration (or signaling) effect on other wage bargains in the economy - a factor that would not have entered the calculations of private sector negotiators (Vickers and Yarrow 1988, p. 159).

Overall, it seems fair to conclude that the change in ownership involved in privatization has had a limited effect on trade unions. It is significant that while membership of public sector unions has declined, there is no clear pattern in that decline. While the membership of unions overall fell by 21 per cent between 1979 and 1985, the membership of public sector unions like NALGO and NUPE remained relatively

stable. It was in public sector industries largely unaffected by privatization (the coal industry and the railways) and in the civil service where union membership fell most dramatically. At the same time, union membership fell dramatically in many areas of the private sector; the Transport and General Workers Union membership fell 31 per cent, the Engineers 20 per cent, and the Construction Workers 28 per cent in the same period.

e) Wider share ownership and employee share ownership

The themes of wider share ownership generally, and increased employee share ownership specifically, became more important ones for the Conservative government as privatization progressed. The logic of this aspect of the government strategy was evident in John Moore's statement in July 1984, which only omitted the government's assessment of the electoral advantages of the changes:

As we dispose of state-owned assets, so more and more people have the opportunity to become owners... So these policies also increase personal independence and freedom, and by establishing a new breed of owners, have an important effect on attitudes. They tend to break down the divisions between owners and earners... (quoted in Abromeit 1988, p. 71).

Once again, the achievement is somewhat less than the aspiration. Fraser (1988, p. 14) reports government figures which suggest that by early 1988, 9 million people, 20.5 per cent of the adult population, owned shares compared with only 7 per cent in 1979. Of these, 13 per cent held shares in privatized companies, with 6 per cent owning only such shares, while 3 per cent of the population held shares in the companies for which they worked. In addition, he claims: 'there had been no noticeable fall in the number of shareholders in the major privatised companies, with on average roughly two-thirds of initial shareholders having retained their shares.' In fact Fraser's figures present a partial picture. Bishop and Kay (1988) report a detailed analysis of the share registers of the privatized companies (see table 19, p. 34) which was extended by *Labour Research* (June 1989). The analyses show that in some cases (Amersham and Britoil) around 90 per cent of the original shareholders had sold their shares by 1989, whilst in other cases (Enterprise Oil and British Gas) only a third of them sold. Overall, the average percentage of original shareholders who retained shares was 40 per cent, significantly less than the 66 per cent quoted by the government and Fraser. (For a similar analysis see Buckland 1987, p. 254.) In addition, and unsurprisingly, there is a clear class basis of share ownership (see Thompson 1990, pp. 145–6).

The shares in the privatized companies have ended up with the financial institutions which reflects the general trend in the Stock Market. As Buckland points out: 'whereas institutions owned 1.2 times the value of equities in personal sector hands during 1970, the figure had risen to 1.8 times by 1985' (1987, p. 255; for a similar analysis see Bishop and Kay 1988, table 18, p. 33). In some cases, 99 per cent of employees bought shares in their firms (for figures see Croft 1990). However, as Abromeit points out: 'their total share in the firm's capital nevertheless stayed ridiculously small; it fluctuated between 0.1 per cent and 4.3 per cent,

the only exception being the National Freight Corporation' (1988, p. 79). Overall, there has been a widening, but not a deepening, of share ownership (see Veljanovski 1990, p. 69 and Thompson 1990, p. 148). Initially, between 1982 and 1984 there was consistent, slightly negative, short-term return to shareholders, but after the government switched to stress the significance of wider share ownership, short-term gains escalated (see Buckland 1987, table 4, p. 253; for data on the movement in share prices since privatization see Fraser (ed.) 1988, p. 51).

As Buckland (1987, pp. 253-4) emphasizes: 'Generous price margins on fixed-price offers for sale, plus directive management of application entitlement and allotment rules, have produced large returns for big institutions at one extreme and at the other for employees and shareholders.' The prices were attractive to investors and produced what Heald, very evocatively, calls a yuppy version of the football pools (Heald 1988, p. 44), although it must be emphasized that in this case the odds were better. However, it seems difficult not to agree with Buckland's (1987, p. 255) conclusion:

The privatisation programme, therefore, is unlikely to be making much impact upon equity ownership in the UK. The deregulation of share trading and marketing in October 1986 and the expansion of decentralized information and trading systems are likely to have more far-reaching and durable effects. What the programme has undeniably done is shift the median line of the UK's public sector and redistribute large amounts of public sector wealth to share purchasers, particularly the financial institutions.

A number of economists who have examined the British privatization programme stress the political short-termism it has involved. Swann (1988, p. 316), for example, suggests that the programme has been 'substantially inspired by considerations of political ideology'. Vickers and Yarrow (1988, p. 428) are even more definite:

In our view, Mrs Thatcher's Government has been guilty of just the sort of 'short termism' that has coloured policy towards nationalized industries in the past. The desire to privatise speedily, to widen share ownership quickly, and to raise short-term revenues have stood in the way of devising adequate measures of competition and regulation for the industries concerned. . . . In the process, the Government has partly been captured by the managements of the firms being sold, since their co-operation is essential for rapid privatisation. Short-term political advantage may have been won, but longer-lasting gains in economic efficiency have been lost. (For a similar verdict, see Abromeit, 1988, p. 83)

f) Gaining political advantage

We have already considered what effect privatization had on economic efficiency; but are Vickers and Yarrow right when they imply that the government may have gained political advantage from the programme? Certainly the population has never favoured nationalization. What is more, support for nationalization declined significantly, particularly among Labour voters, between October 1974 and 1979, suggesting that the Conservatives' opposition to nationalization was a minor vote-winner in 1979. However, opposition to nationalization didn't increase after 1979

and indeed, Labour voters' support for it has risen during the Thatcher years (see Crewe 1988).

Of course, we don't have any opinion poll series on attitudes to privatization, which, in its present form, is a recent phenomenon. Nevertheless, the polls which have been taken about particular privatizations don't unequivocally support the view that it is a popular policy. As Crewe shows, 57 per cent of those asked thought the privatization of British Gas was a bad idea, while 56 per cent and 72 per cent expressed the same view about the privatizations of British Telecom and Electricity and Water respectively (Crewe 1988, pp. 42-3, these Gallup results are confirmed by an NOP Poll reported in McCarthy 1988, pp. 823). In contrast, Veljanovski (1987, p. 689 and especially fig. 3.2, p. 69) suggests that support for privatization increased over time. What is not in doubt is that the sale of council houses was a popular move to reduce the size of the public sector.

There is considerable evidence however that, while privatization is not overwhelmingly popular among the general population, it has had a positive effect among those voters who have benefited from it. Veljanovski (1989, p. 69) reports MORI opinion poll data which suggest the overwhelming majority of first-time share buyers intended to vote Conservative; 53 per cent as compared with 14 per cent intending to vote Labour. Similarly, Crewe (1989) analyses the British Election Study data and suggests that there was a major swing to the Conservatives between 1979 and 1983 among those who bought their council houses and a smaller swing to the Conservatives between 1983 and 1987 among those who bought shares.

Of course, even if there is a clear link between privatization and Conservative voting, there is some question as to the direction of any causal relationship. Certainly, Heath *et al.* (1989, p. 18) argue that: 'in choosing to become shareholders and owner occupiers, these voters were more evidently affirming their existing social and political wishes rather than reorganising them'. (For data on the general social and political attitudes of earlier purchasers of council houses, see Forrest and Murie, 1991.) However, McAllister and Studlar's (1989) analysis questions this conclusion. They used the British Election Study data and controlled for the effect of a range of socio-economic factors. This allowed them to isolate the independent effect of privatization by controlling for other factors, for example, class and education, which might have caused both Conservative voting and house or share purchase. They conclude:

Conservatives gained 10 per cent more of the vote among new shareholders compared with those who had never owned shares, while Labour lost 9 per cent of the vote, net of other things. Similarly, council tenants who had purchased their shares showed some 15 per cent greater levels of Conservative support, compared to stable council tenants, net of other things (McAllister and Studlar 1989, pp. 172-3).

They also emphasize that of these two aspects of privatization the Conservatives gained more from share sell-offs, which led to a 1.6 per cent increase in their vote, than from council house sales, which led to a 0.9 per cent increase in their vote, given that almost three times as many people purchased shares as bought their

own houses (see McAllister and Studlar 1989, pp. 175–6. especially table 10, p. 175).

CONCLUSION

The first thing to re-emphasize is the scale of privatization. It is immense. The balance between the public sector and the private sector has been significantly changed and this appears likely to be a lasting legacy of the Thatcherite era. In essence, Britain is no longer a mixed-economy; it has moved decisively in the direction of the market.

However, privatization had a number of aims, some of which were contradictory. In particular, the aim to increase efficiency conflicted with the need to ensure quick and successful asset sales. What is more, efficiency which implied competition, was compromised because of the need to ensure management co-operation.

As such, it is hardly surprising that the government has only achieved some of its aims. As we have seen, the balance between the two sectors has altered fundamentally. At the same time, the government has gained clear political advantage from the asset sales and housing sales programmes. Elsewhere, the picture is more complex. Asset sales, and particularly contracting out, have done something to weaken public sector unions but only something; the history of industrial relations in an industry which has been privatized is still the most important factor affecting industrial relations in the new structure. Similarly, while share ownership has been widened it has not been deepened. Most significantly, however, there is considerable doubt as to whether privatization has increased efficiency. Contracting out has reduced costs but perhaps at the expense of the quality of services. The failure to improve efficiency in many privatized companies is even more noticeable. Perhaps the jury is still out, but the interim verdict must be sceptical.

As far as the literature is concerned, there are clear gaps where more research is necessary. First, we need data on the extent and success of the attempts to introduce competition, and thus greater efficiency, in the later privatizations. Second, there is still relatively little work on the effect of the regulatory agencies. Third, and this takes us well beyond the scope of this review, more good, comparative studies of privatization in a number of countries would help add a useful perspective on the privatization process in Britain (see Richardson (ed.) 1990; Letwin (ed.) 1988; Swann 1988; Gayle and Goodrich (eds.) 1990; McAvoy *et al.* (eds.) 1989).

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SWORDS INTO PLOUGHSHARES: CECIL GORDON'S ROLE IN THE POST-WAR TRANSITION OF OPERATIONAL RESEARCH TO CIVILIAN USES

JONATHAN ROSENHEAD

Operational research, having developed in Britain as a contribution by scientists and the scientific approach to Second World War military planning, became a significant element in the process of post-war reconstruction. Cecil Gordon, a leading wartime operational researcher, headed the principal civilian government OR unit at the Board of Trade. He was also a key member of the Working Party of the Committee on Industrial Productivity, which attempted to promote the wider adoption of operational research. These enterprises were consistent with his socialist commitment, in many ways typical of a generation of Left scientists and of many pioneers of operational research. The article describes and analyses the defeat of these initiatives, and the virtual ejection of OR from government by 1950. In the immediate post-war period, operational research attempted to develop operational methods for a rational alternative to economic coordination via market forces. Some lessons are drawn from the deflection of this radical thrust of OR, in the light of both contemporary factors and subsequent experience.

Operational research is now a world-wide phenomenon. In Britain the Operational Research Society has 3,000 members, but it is only one of thirty-six constituent national members of the international federation IFORS, with an aggregate membership of over 25,000. In Britain its early base in infrastructural and manufacturing industry has, since the 1970s, been diversifying into civilian government departments, banking and finance, and the retail sector. Its example of formal modelling of the interaction of complex activities to assist decision making has had a wider influence in fields such as urban and regional planning, peace studies and social planning generally.

In this substantial, though not yet triumphant, progress, the contribution of Cecil Gordon has disappeared almost without trace. I had been a practitioner and teacher of Operational Research (OR) for 17 years before I first heard his name – and then disparagingly. The context was an investigation into why, in the aftermath of its military successes in the Second World War, OR at first made almost no headway in civilian sectors of government, but developed instead in private and public sectors of industry. Enquiries to a number of people active in the early post-war

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phase of OR produced little clarification. However, one lengthy response made a passing reference to someone called Gordon who after the war 'captured the government's attention for OR, and got it wrong, and so held it back for decades'. This comment more than a dozen years ago, was the starting point for the research reported in this article.

Cecil Gordon in fact occupied, for a brief but pivotal period in the 1940s, a crucial position for the development of OR. A number of operational research groups were in fact set up in civilian government in the phase of post-war reconstruction, and Gordon headed the most significant of these, located in the Board of Trade. In this role he attempted to put his convictions, as a committed socialist, into practice. There is still much to learn from the fate of his efforts.

His contemporary prominence is indicated by his presence at a select dinner meeting at the Athenaeum in the autumn of 1947, a discussion which was to lead to the formation of the Operational Research Club, which in time transformed itself into the Operational Research Society. Four people were present at that dinner. One was Sir Charles Goodeve, FRS, Director of the British Iron and Steel Research Association, after whom the OR Society's principal honour, the Goodeve Medal, is named. Another was Sir Henry Tizard, FRS, protagonist in the famous Tizard-Lindemann controversy, a leading scientific mandarin and at that time Chairman of the government's Advisory Committee on Scientific Policy. The third was Professor P. M. S. Blackett, FRS, the central figure in 'Blackett's Circus' which seeded so many wartime OR sections. He was to become Lord Blackett, President of the Royal Society and Nobel Laureate; his name is commemorated in the OR Society's annual Blackett Lecture. The fourth was Dr. Cecil Gordon. When he died in relative obscurity in 1960, he was Senior Lecturer in Social Biology at the University of Edinburgh. To understand both what Cecil Gordon attempted, and the conditions which made it seem possible, it is helpful to trace the trajectory of his life, in which the personal and the political form a complex unity.

EARLY YEARS

Cecil Gordon was born in South Africa in 1906 in King William's Town, and spent his youth near East London, where he went to school at Selbourne College, matriculating at an early age. He went on to take a BSc in Physics, Mathematics, Chemistry and Zoology at the University of Cape Town, followed by an MSc in Physics. His parents were Jewish refugees from Russia, and his father operated as a poor trader in native areas with consistent lack of success. It was a meagre upbringing with few books in the house. When in 1931 Cecil Gordon came to Britain, the boat trip was paid for by a local Jewish charity.

In the meantime Gordon had been drawn into the orbit of Lancelot Hogben, who was subsequently to achieve celebrity and wide influence through his books *Mathematics for the Million* (1936) and *Science for the Citizen* (1938). Hogben had come to South Africa in 1927 to head the Department of Zoology at the University of Cape Town. A socialist, a militant atheist and an ardent feminist, he had been imprisoned during the First World War as a conscientious objector. He also took his social and political concerns into his scientific work as a biologist,

vigorously refuting the theories of the eugenics movement. In Cape Town he rapidly became a focus for dissenters, his home a place where 'everyone progressive would assemble'. Gordon became a member of this circle as well as a Demonstrator in the Department of Zoology. Hogben was afterwards to say that he had taught Gordon biology, and Gordon had taught him mathematics. In 1930 Hogben and Gordon published two joint papers in the *Journal of Experimental Biology*.

An anti-eugenicist biologist in the South Africa of the 1920s was at the eye of the storm. For one of the ideological foundations of the developing apartheid system was scientific racism – the assertion that science had 'proved' the racial inferiority of the Bantu and other black people. Hogben relentlessly attacked these claims and their supporting arguments and evidence. By 1930 his views had placed him in a distinctly uncomfortable position in South Africa, and he was pleased to accept an appointment as the first (and, as it proved, last) Professor of Social Biology at the London School of Economics, a chair established with a large grant from the Rockefeller Foundation and which he was to keep until 1936 when he moved to Aberdeen. In 1931 Gordon followed him to LSE and registered for a PhD under his supervision – the proposed title being 'The Theory of Inbreeding with reference to Human Populations'.

After two years at LSE, Gordon transferred to University College, London where his supervisor was J. B. S. Haldane. He also changed his research topic from human genetics to the more experimentally tractable field of the genetics (or, to be more exact, the interaction of environment and genetics) of *Drosophila* – the banana fly. University College was in the mainstream of genetic research, which LSE was not. He was awarded a PhD in 1935 for work on natural selection in wild populations.

Cecil Gordon had benefited in other than academic ways from his period at LSE. For he met there (at a student socialist dance), and subsequently married, Frances Jack. She was from a very different social background, the daughter of a wealthy Paisley carpet manufacturer. However, she rebelled against the offered world of hunt balls, and both Cecil and Frances Gordon became involved in the Left politics of 1930s London. Indeed Cecil became a member of the Communist Party. It is unclear when he left – probably about the time he started his operational research work with Coastal Command in 1942. The separation was at first largely formal; in later years he undoubtedly drifted away from the party but remained a Marxist to the end of his life. However, in the 1930s he was a committed member. One story, possibly apochryphal, has him selling the *Daily Worker* outside Finchley Road underground station in a dinner jacket, on his way to dine with his fiancée's family.

After completion of her studies Frances Gordon began to help her husband with his PhD, and continued to work with him for 4 years. Indeed they published a joint paper on *Drosophila* in the *Proceedings of the Royal Society*. However, there were soon problems at University College – in particular a feud with Helen Spurway (who later became Haldane's second wife). In 1937 Gordon joined Hogben at the University of Aberdeen; he was elected a Fellow of the Royal Society of Edinburgh in 1938. He continued his political activities, chairing the executive committee of

the British-Soviet Unity Campaign there in December 1941. Gordon was unfit for military service, but in 1942 volunteered for war work. He joined the OR section at Coastal Command – perhaps influenced in this by advice received during a visit to the offices of the Association of Scientific Workers.

The generalized Left-intellectual and Left-scientific ambiance which Cecil Gordon inhabited was one from which many of the key operational research pioneers also came. Blackett, Bernal and Watson-Watt were not only key figures in operational research. They were also leading members of the Association of Scientific Workers (AScW), the left-wing union for scientists and laboratory technicians which had a strong measure of communist influence; all three of them were to serve terms as President. In the broader current of the radical science movement of the 1930s, with activities such as the Cambridge Scientists' Anti-war Group, and the Division for the Social and International Relations of Science of the British Association for the Advancement of Science, were also to be found Waddington, Zuckerman and others.

From the view-point of OR in the 1980s and 1990s it may seem bizarre that so many of operational research's founders espoused or were touched by socialist ideas. But in the context of the mid-to-late 1930s it is not hard to explain, for there was an extraordinary ferment among scientists at that period. The attraction of Marxism and the Communist Party for a significant section of younger intellectuals at that period is well known. However the participation of scientists was still striking. This situation was the result of a combination of factors – the low funding and status of science in Britain, its high prestige and support in the Soviet Union, the Nazi persecution of Jewish scientists and their theories (Werskey 1972). Intellectually, the key figure on the scientific Left was J. D. Bernal, most notably through his *The Social Function of Science* published in 1939. He held that the full beneficent potential of science was inevitably stifled by the capitalist economic organization of society since, within it, applications of science are necessarily limited by a profit-oriented production system. He saw science as a progressive force; by pressing for science to be used for common rather than sectional purposes, the contradiction between science and capitalism would be heightened and the triumph of socialism brought nearer. Versions of these views pervaded the scientific Left. In the flux of wartime emergency it is not surprising that socialists of this persuasion disproportionately made and seized opportunities for scientists to work in the government service and in the national interest.

CECIL GORDON AND WAR-TIME OR

The war-time experience of operational research has been extensively described elsewhere. (See, for example, Blackett 1962; Crowther and Whiddington 1947; Waddington 1973 and Air Ministry 1963). Three principal elements can perhaps be distinguished.

First, the pre-war research of the Cambridge Scientists Anti-war Group on the adequacy of government precautions against air raids and gas attacks. Desmond Bernal and especially Solly Zuckerman, under the aegis of Reginald Stradling who had been appointed head of a new Research and Experiments Department at the

Ministry of Home Security, conducted experimental studies of the effect of blast on animals, and then humans. This strand of work continued through to the analysis of the effects of Allied bombing of Germany.

The second strand stems from the development of radar, which arose from a proposal by Watson-Watt in 1935 to the Committee for the Scientific Survey of Air Defence chaired by Tizard. The following year the Bawdsey Research Station (later the Telecommunication Research Establishment – TRE) was set up, and it was there in 1937 (or 1938 – accounts differ) that a small group of scientists and engineers were detached to increase the performance of the radar system – not by improving the equipment itself, but by improving the way it was used. It was here that the term ‘operational research’ was coined, to distinguish it from ‘weapons research’ aimed at the redesign of weapons systems. At the outbreak of war, the OR section was attached to Fighter Command HQ at Stanmore, and by 1941 it was decided to set up such sections widely throughout the Royal Air Force.

The third main strand is associated with the name of Patrick Blackett. He had been a member of Tizard’s committee; and in 1940 was invited to become Scientific Adviser to Anti-Aircraft Command. Improving the use of radar in aiming anti-aircraft guns was the first task, but the multi-disciplinary group of scientists assembled by Blackett (soon known as ‘Blackett’s circus’) soon extended their remit to broader questions, such as the locational distribution of batteries of AA guns. This group was to spawn the Army Operational Research Group, through which 365 scientists would pass before the end of the war.

However, Blackett moved on in March 1941 to head a new group at Coastal Command, and again at the start of 1942 to become Director of Naval Operational Research at the Admiralty. He was succeeded at Coastal Command by E. J. Williams, by Harold Larnder from Fighter Command, and finally by C. H. Waddington. The Operational Research Section at Coastal Command was perhaps the most scientifically distinguished of the many wartime OR groups. It also carried out, in conjunction with the Naval OR group at the Admiralty, some of the most innovative studies. It was this group which Cecil Gordon joined.

The major concern at Coastal Command ORS was with combating the threat of U-boats to merchant shipping. This was the period of the ‘Battle of the Atlantic’. By 1942 losses of shipping reached crisis proportions.

A range of classic studies were carried out by Coastal Command ORS. One concerned the optimum setting for depth charge fuses, another the optimum size of convoy. A combination of simplifying mathematical models and careful collection and analysis of operational data produced startling reductions in the losses of merchant vessels and increases in the attrition rate of U-boats.

Evidently the availability of aircraft to protect convoys was a key factor in the success of such operations. It was this problem, of getting more operational use out of the available aircraft, which was the subject of Gordon’s major work at Coastal Command. Under his leadership the group concerned with this issue rapidly expanded to be the largest within the OR Section. The study was initiated in the Spring of 1942 by a peremptory memo from Churchill to Coastal Command, instructing them to increase patrols over the Biscay ports – though without any

increase in their complement of aircraft. This could only be achieved by more intensive use of the available fleet of aircraft. A brief theoretical study by the Officer-in-Charge, E. J. Williams, suggested that substantial improvements could be made, after which the problem was assigned to Cecil Gordon.

Ritchie Calder (1955) describes Gordon as treating Coastal Command 'as though it were a colony of his pet *drosophila*'. Crowther and Whiddington (1947) also say that he approached the problem 'from the natural historical point of view', studying the flying-maintenance cycle of aircraft as if he had been studying the life-cycle of any biological system. He identified the aircraft 'states' in the cycle from one major inspection to the next, and found that its length could usefully be divided into flying days, days spent on maintenance, days spent awaiting maintenance, and days when the aircraft is serviceable but does not fly. The number of days spent in each of these states is necessarily related to the number of flying hours permitted before a major inspection is required, and to the number of hours flown per day (the sortie length). Some of these factors could be regarded as fixed, but others were at least partially controllable. The inter-relationships were explored, both theoretically and in practice.

Within three weeks Gordon had developed the basic ideas from which so much fruitful work was to proceed. The problem was recast as one of 'flying hours per maintenance man', since the shortage of skilled labour was found to be the key bottle-neck. This cast severe doubt on the Royal Air Force's criterion that the 'serviceability percentage' (the proportion of aircraft flying or available for operations) should be maintained at or near the 75 per cent level. The understanding of the inter-action between flying and maintenance which had been gained suggested the illogicality of this requirement. For the more an aircraft is flown, the sooner it will need repair or maintenance. (Indeed 100 per cent serviceability could only be achieved by never letting the planes fly at all.) Calculations indicated that if all serviceable aircraft were flown whenever weather permitted, the serviceability percentage would fall to around 1 in 3; evidently the figure of 75 per cent was only being 'achieved by curtailing flying.

To test these insights, a squadron of Whitleys was ordered to disregard the serviceability percentage and fly every available aircraft on days of opportunity, and copious data were collected. The serviceability percentage sank as predicted, the maintenance system continued to function satisfactorily, and the flying output was approximately doubled. There were of course consequential adjustments to be made, especially in the organization of maintenance – for example, to the balance between different trades within the maintenance workshops, and in the design of maintenance returns so that performance and manning levels could be monitored on a daily basis. Other work was carried out on the grouping of tests into minor and major inspections.

After the success of the first experiment it was decided that the new approach, known as 'Planned Flying, Planned Maintenance', should be introduced throughout Coastal Command – and that the OR Section, as the people who thoroughly understood its principles, should be responsible for its implementation. As Blackett (1962) put it 'This work...was of very great importance in making available

increased flying resources during the critical period of 1943 when Coastal aircraft contributed so much to the final defeat of the U-boat campaign.' The essentials of the approach were eventually applied throughout the RAF and the Fleet Air Arm, and staff from Coastal Command OR Section, headed by Cecil Gordon, moved to the Air Ministry in 1944 to effect the transfer. The drive behind this work was always Gordon's, pushing the work ahead by 'sheer force of character', jumping the hierarchy to take issues to the top if necessary to win his point. His contribution was recognized by the award of an OBE in the New Year's Honours for 1946.

THE SPECIAL RESEARCH UNIT AT THE BOARD OF TRADE

Cecil Gordon remained at the Air Ministry, working on the extension of the Planned Flying, Planned Maintenance approach to peace-time conditions, until March 1946, when he was appointed to head a new unit at the Board of Trade, the Special Research Unit. His appointment was announced to a considerable press fanfare. There were headlines like *He showed RAF how to do it. And now for industry...*. Gordon was going to be, it was said, the Board of Trade's 'Number One Back Room Boy'. The President of the Board of Trade, Sir Stafford Cripps, was reported as describing him as 'one of the most brilliant of the operational research scientists', who would help Britain to approach the great undertaking of winning export markets on the same scientific basis which had proved so successful during the war.

The Special Research Unit (SRU) was a personal initiative of Cripps, probably on the suggestion of Blackett with whom he was on friendly terms. The war-time successes of OR had produced a generally favourable climate for its extension to non-military areas. This was to be reflected the following year in the formation of significant OR groups at the National Coal Board and at the newly founded British Iron and Steel Research Association. There were public calls for the wider civilian applications of OR – for example at the 1947 meeting of the British Association for the Advancement of Science.

It is likely that Blackett, having (from the accounts of surviving participants) 'sold' the idea of the SRU to Cripps, also recommended Gordon for the job. He certainly thought highly of him, and his account of the Planned Flying, Planned Maintenance work described it as bearing 'a character resembling some types of efficiency study in industry' (Blackett 1962). Cripps had come to the Board of Trade from his war-time post at the Ministry of Aircraft Production where efficiency of production had been a major concern.

But there were other factors to recommend Gordon to Cripps. For they were known to each other from pre-war political activity. In the later 1930s Cripps was one of the most prominent figures on the left of the Labour Party, a leading exponent of a 'popular front' with the Communists – for which he was expelled in 1939. Cecil and Frances Gordon had also been involved in popular front activity, and on the occasion of a visit to Aberdeen Cripps stayed overnight in their house. Although Cripps moved sharply to the centre politically during the war, it evidently did not affect his high regard for Gordon.

There were, however, also some negative factors in the SRU's situation, which,

while present from the beginning, were not to become dominant until a later stage. Principal among these was that the unit itself was an idea injected at the top; it had been sold to the incoming President, but not at the level of middle-ranking and senior civil servants within the Board of Trade. Nor was Cripps the sort of minister who would police in detail the implementation of his initiatives. The civil servants as a whole (and with exceptions) lacked any conviction that the work of the unit could be helpful; nor was their style of operation conducive to the sort of informal contacts with end-users which in war-time had contributed so much to the success of OR.

Such difficulties might have been encountered in any government department of the period; they were perhaps exacerbated by the particular character of the Board of Trade, widely regarded as something of a backwater impregnated with a less than progressive spirit (Pimlott 1986). Government, it was held, should not tell industry how to do its job. The war brought in an infusion of outside talent (including Gaitskell, Kahn, Meynell and Reddaway) with broader ideas, and in the early post war years there were attempts to bring pressure and persuasion to bear on industry to improve its performance. But one by one the temporary civil servants returned to other occupations. Pre-war *laissez-faire* views remained entrenched, especially among the higher strata – though as the economy lurched from crisis to crisis and civil servants scrambled for expedients to avoid imminent collapse, it was overlaid with a sceptical, even cynical pragmatism.

However, such negative features could have no decisive impact on the work of the Special Research Unit while the factors which promoted and supported its foundation remained in being. From early 1946 Gordon recruited staff for the new unit. Principal among these was T. E. Easterfield, who had worked directly with him both at Coastal Command and the Air Ministry. Several other members of the unit were ex-members of the Admiralty's Department of Naval Operational Research. Overall, the unit was distinctly left-wing in its political make-up.

The scientific staff of the unit never exceeded six in number. The work which it carried out has been reviewed by Easterfield (1983). He lists the major categories of SRU work as concerned with consumer needs, the cotton industry, and variety reduction. The work on 'consumer needs' connects directly with the concern of the 1930s radical science movement, that science should 'serve the people' rather than any sectional interest. This theme was taken up by the AScW even before the end of the war – and the union's bounding membership, up from 1,300 in 1939 to 18,000 in 1947, was an indicator of its growing influence. An AScW resolution on the need for a 'Council for Consumer Research' was carried unanimously at the 1945 TUC Conference.

In all of its publications on this subject, including the book-length policy statement *Science and the Nation*, the AScW included operational research among the methods which should be used for research into consumer needs. The argument employed was that during the war, OR had been research enabling the consumers (the armed services) to assess the technical products supplied to them, and identify both shortcomings, and the new needs which their use disclosed. With hindsight, perhaps, the parallel seems overdrawn: the influence of a war-time monopoly

consumer over industrial suppliers is rather different from that of a mass of dispersed individual peace-time purchasers.

Several operational researchers, including Tom Easterfield, contributed to early drafts of the AS&W policy on consumer needs. On his move to the Board of Trade, it was natural for this element to enter into the SRU's work programme. For the Board of Trade had a responsibility for the standards of consumer goods, and had set up a Consumer Needs branch during the war to survey the extent of shortages and the impact of rationing.

A series of SRU documents elaborated the basic concept of consumer needs. The consumer was seen as requiring of products functionality, replaceability, appeal, variety, cheapness, and adequate supply – and research methods appropriate to each were discussed. A range of alternative methods of implementing research findings were identified, from the enforcement of minimum performance standards through to the introduction of quality marks. An experiment was proposed to explore the flexibility and benefits of these various proposals.

The experiment did not take place. Indeed, SRU work in this area ground almost to a standstill, obstructed by what was described as a 'divergence of views' within the Board of Trade over the extent of government's responsibility for consumer research. The traditional Board of Trade preference for non-interference with management prerogatives and the working of the market won the day.

However there was one spin-off from this abortive attempt to carry out operational research more directly for the people. For the work had touched on the question of 'variety', which was a much less contentious area.

True, the original impetus for raising the issue of variety was a radical one. Much of the apparent variety on offer to the public was seen as merely superficial, a product of the wasteful and inefficient competition which characterized production for private profit. The resulting complexity of choice could baffle the consumer, leaving him or her at the mercy of the partial or misleading information conveyed through advertising. Not only that, the consumer had to bear the extra costs arising from shorter production runs and higher set-up costs, more complex distribution arrangements and inflated inventories.

This critical focus is evident in a number of the SRU's internal papers on product variety and its converse, standardization. The benefits of variety reduction are viewed largely from the consumer's viewpoint. Various governmental actions to reduce variety are canvassed, including laying down product specifications to which goods must conform (perhaps combined with price control as in the wartime 'utility' scheme, which continued for some years after the war); governmental bulk purchases; and education and counter-propaganda to counter the tendency for advertising to generate demand for a greater variety of goods. The vision is of a strong central government intervening at least to limit the excesses and wastefulness of capitalism.

The SRU proposed a number of surveys, case studies and research projects to investigate the necessity, feasibility and consequences of government action in this area. With one exception, no action was forthcoming. The exception concerned the *economics* of variety reduction – that is, its effects on costs and on productivity.

This research area offered possible direct benefits to, rather than restrictions on, the manufacturer, and was therefore more in sympathy with the prevailing ethos at the Board of Trade. It is not unreasonable to see this selectivity as an example of how the initial radical thrust of SRU work was deflected, and replaced by a safely domesticated version which threatened no vested interests.

An extensive research programme developed on the relationship between standardization and productivity, with numerous case studies. Evidence was found that increasing production runs to their optimum length led to productivity improvements generally in the range of 5–10 per cent. Productivity itself, rather than its link to variety, became a major element in SRU activity. This work relates directly to Cecil Gordon's involvement with the Committee on Industrial Productivity, described in the next section. It also became an element in the SRU's involvement with the cotton industry.

In the immediate post-war period, as before the war, the cotton industry was perhaps the prime domestic concern of the Board of Trade. Even this traditionally *laissez-faire* ministry could see the necessity for some kind of government initiative. The industry was bound to play a significant role in post-war recovery and reconstruction, not least through its potential export earnings. Yet it encapsulated much that was worst about British industry – antiquated machinery and antiquated attitudes coupled with arrogance and a touchiness about outside intervention.

In 1946 the key problem confronting the industry was a shortage of labour. Compared with its pre-war situation, the labour force was down from 370,000 to 245,000, and its yarn output was less than 65 per cent of its previous level. New industries were being introduced into Lancashire to reduce the area's dependence on the cotton industry, undercutting the chances of recruiting to former levels. The home market, deprived during the war years, had pent-up demand, but the foreign currency earnings of cotton exports were needed for the balance of payments.

In this situation, early Special Research Unit documents argue, neither maximizing profitability to the individual manufacturer nor maximizing output per person were adequate criteria for decision-making. By the end of 1946 an interim report had been produced to identify which types of cotton cloths were particularly advantageous to export. In view of the labour shortage, the criterion proposed was one based on the net foreign exchange value added to the raw cotton per operative hour. It was found that this criterion could be used to partition cloths into three categories – those which should be encouraged for export, those which should be neither encouraged nor discouraged, and those which should be discouraged for export.

In this one case there is clear evidence of a direct SRU influence on Board of Trade policy. A report on the SRU's work discussed at the President's 'Morning Meeting' on 2 July 1947 stated that this project had led to a policy of diverting to export those types of cloth which are 'preferred', and their substitution in the home market as far as possible by cloths from the 'discouraged' category. The future programme of research agreed at that meeting was headed by a proposal to extend the same method to a variety of other industries. However, though some

such work was carried out, notably in connection with wool, nothing like the same impact was achieved outside cotton.

One of the advantages of the cotton export study was the excellent data available from the war-time utility scheme. In addition the SRU team had the advantage of detailed data on labour inputs for different cloth types collected by the Shirley Institute, where L. H. C. Tippet was promoting work of an OR-character. (Towards the end of the war Tippet himself had been seconded from the Shirley Institute to the Air Ministry to assist in Gordon's Planned Flying, Planning Maintenance project.) Another special feature of cotton was clothes rationing; an annual allocation of 'coupons' was issued to each person, and each item of clothing required a particular number of coupons (as well as the price) when it was purchased. Easterfield (1983) has described how coupon value per operative hour was used as a second criterion to determine which cloths should be encouraged for the home market. Gordon himself also refers to this in a letter written at the time. Unfortunately, none of the original documents describing this aspect of the work appear to have escaped the 'weeder's'.

Other work on the cotton industry appears to have at least contributed to the decline and demise of the unit. A dispute developed within the Board of Trade, and between the Board and the Ministry of Labour over some dire SRU forecasts of the size of the labour force likely to be available to the cotton industry. The exact nature of this disagreement remains obscure. But it has been suggested to the author that it was this dispute which led to Gordon's departure from the Board of Trade in October 1948, for when he failed to get the backing of the President of the Board of Trade, by this time Harold Wilson, Gordon felt that his position had been undermined. Certainly there was correspondence between Wilson and Gordon on the future of the SRU at this time, which does not appear to have survived. Nearly forty years later Mrs Gordon could recall her husband writing an appeal to Wilson and getting a 'chippy' response.

What lay behind this scanty evidence can only be a matter of speculation. One highly placed government official who came to know Cecil Gordon well through his work for the Committee on Industrial Productivity (to be described shortly) ascribed his resignation to pressure from the cotton industry through Federation of British Industry channels.

However, a different explanation for the resignation is provided by a conversation with Gordon recalled by one of his subsequent colleagues at the University of Edinburgh, with whom he had a close political rapport. In this conversation Gordon stated that he had been informed that he was regarded as a 'security risk' because of his earlier membership of the Communist Party; after an exchange involving both Cripps (now Chancellor of the Exchequer) and Attlee himself he was told that he must resign or accept a lower level, less sensitive position. Not surprisingly, no documentary support for this can be found in accessible files at the Public Record Office. The story is in itself quite plausible, given the growing Cold War atmosphere of the period – it was in March 1948 that Attlee announced in the House of Commons that in future no person known to be a member of the Communist Party or associated with it would be employed on secret state work. However, no

corroborating account has been provided by other people in whom Cecil Gordon might have been expected to confide. Alternative versions of the events which precipitated Cecil Gordon's resignation from the Board of Trade need not, of course, be mutually exclusive. And there were undoubtedly other, more general, factors contributing both to his resignation, and to the run-down and closure of the Special Research Unit.

THE 'WORKING PARTY'

Cecil Gordon was centrally involved not only in the Special Research Unit of the Board of Trade, but also in the other principal post-war governmental OR activity, that of the 'Working Party' of the Committee on Industrial Productivity. The fate of this second initiative can tell us a good deal about the acceptability in Whitehall and elsewhere of the interventionist operational research position of which Gordon was the chief protagonist.

The Committee on Industrial Productivity (CIP) was one by-product of a major shake-up of the institutional arrangements for science in government after the end of the Second World War (see Gummert and Price 1977, and Gummert 1980). Radical reform, including a substantial central scientific secretariat in government, was advocated by the Association of Scientific Workers, and by Blackett and Zuckerman who were appointed to the committee set up to recommend on new arrangements. But they were routed on the committee, and the outcome, the Advisory Council on Scientific Policy (ACSP), was an altogether tamer affair.

The formation of the ACSP was announced in January 1947, and first met two months later, chaired by Tizard. (By the following year Zuckerman was appointed to the deputy chair, a position he held for the remaining 16 years of the ACSP's existence.) The first secretary of the ACSP was Alexander King, a junior ex-colleague of Tizard's at Imperial College, who during the war had held a science advisory post at the Ministry of Production, and then spent some years with the British Scientific Mission in Washington.

It was out of an early strand of the ACSP's work that the more major push to promote operational research in government developed. A personal initiative of Cripps, now Chancellor of the Exchequer, and Herbert Morrison, who as Lord President of the Council was responsible for science in the Attlee cabinet, led to the establishment of the Committee on Industrial Productivity (CIP) under the ACSP. The CIP's remit was to advise on scientific research capable of delivering productivity improvements within a five-year horizon. It was chaired, like the ACSP, by Sir Henry Tizard. The CIP's formation was greeted by the *Daily Express* with a headline 'At last - they've called in the boffins again' (McAllister 1986).

The main work of the CIP was conducted not by the main committee itself, but by its four panels. The Human Factors panel, chaired by Sir George Schuster, was to play a significant role in the development of British social science (Stansfield 1981). The other major panel, as explained by the CIP's Secretary, Alexander King, at the committee's first meeting, was that on Technology and Operational Research - with, indeed, the 'technology' seen as a lesser adjunct of the 'operational research'. It was chaired by Sir William Stanier, FRS, and Cecil Gordon was a Board of Trade

nominee on the panel. The terms of reference prepared for the panel were 'to consider the part which the results of technical research can play in increasing industrial productivity and in particular to examine the means whereby technological improvements and the methods of operational research can best be applied'. Cecil Gordon drafted revised terms of reference specifying that the panel's tasks should include a review of 'the principles and methods of operational research', and recommendations on how to encourage the spread of such techniques.

In any case, the panel was not to be the prime mover in the project which Gordon's terms sketched out. This was to be accomplished by yet another grouping, the 'Working Party' of the CIP, whose remit allowed it to rove around in any of the subject matter of the committee or its panels. Chaired by Alexander King, its small and fluid membership drawn from the government service included from its inception Cecil Gordon, who was to play a dominant role in its deliberations. Easterfield soon also became a member of the working party, as did Tippet.

At its meeting on 4 February 1948, the CIP heard that the Panel on Technology and Operational Research was postponing consideration of how operational research might best be extended to civilian industry in general until it received a report on this subject from the working party. The resulting report, 'Principles and Practices of Operational Research', is a lengthy document, running to nearly sixty pages of single-spaced typing. It was produced rapidly, arriving in what was hoped to be its final form at a meeting of the CIP's Technology and Operational Research panel on 4 May. Gordon and Easterfield were the principal authors.

The report tried to answer the question 'What is OR?', described its military origins, gave examples of OR-like practice in the civilian field, made observations about the techniques, methods and organization of operational research, and suggested fruitful civilian areas for the application of OR. Two appendices described work akin to OR carried out at Royal Ordnance Factories and the Shirley Institute, while a third reproduced a wartime note by Blackett on the methodology of OR. (A further appendix on the work of the Board of Trade Special Research Unit was soon added.) The report's recommendations included:

- the full use of OR to raise the level of national productivity
- the application of OR to redesigning the government administrative machine more efficiently, to assess export prospects, to formulate criteria of efficiency for the newly nationalized industries etc.
- the establishment of OR groups in each government department and of a central unit for the study of broad national problems, as well as the encouragement of OR activity in nationalized and other key industries.

There were also a range of recommendations concerned with such matters as the supply and suitable qualities of OR workers, and the provision of a manual of OR techniques and a journal for the exchange of experience.

Initially, at least, 'Principles and Practices' fared quite well. The Panel on Technology and Operational Research received the report enthusiastically at its 4 May meeting, recommending that it was 'of such importance' that it should be published and made widely known among both government departments and

industrial executives. The draft was then circulated round Whitehall by a Treasury representative on the working party who was Cripps' chief aide in this area, and indeed one of the CIP's original architects. Comments were received from some dozen ministries.

The Ministry of Education was in favour of publication, the Ministry of Supply (perhaps because of wartime experience) in general agreement, and the Ministries of Works and of Fuel and Power had no objection. However, the Cabinet Office, the Central Economic Planning Staff of the Treasury, the Ministry of Labour and National Service and the Board of Trade were all opposed to publication in anything like the present form.

A common complaint was that the text was too long and insufficiently 'popular' in treatment. Some objections were based on excessive expense. Others were on the grounds that the proposals to use science to improve the efficiency of government were superfluous, as existing units had been doing it for years.

More revealing perhaps are the policy-based objections. The Ministry of Agriculture and Fisheries took exception to an assertion in the report that 'the working of the agriculture price mechanism failed to promote efficiency'. The Ministry of Labour not only found a reference to time-and-motion study to be 'untactful'; it also insisted that a government document of this kind should entirely avoid imputing inefficiency to branches of industry. The Board of Trade urged that a revised version should remove recommendations which should be for the consideration of ministers (i.e. policy questions), while 'correcting the faint impression which the report might convey to a business-man that the whole thing is a new intervention either by the Government or by scientists in the business field'. These ministries had detected with distaste the interventionist flavour of the enterprise, which was quite at variance with their *laissez-faire* principles and practices.

It was concluded that there was no chance of publication without radical changes, especially to the recommendations. The working party accepted this finding at its June meeting, and recommended that separate versions should be prepared, for submission to ministers and for general publication respectively. By the end of June redrafting had been completed in response to the objections received. The Committee on Industrial Productivity received 'Principles and Practices' from the Technology and Operational Research panel, which endorsed it. However, at the July 1948 meeting of the CIP itself, Tizard proposed another round of consultations.

With this decision the project was effectively derailed and critical momentum lost. A summary of the comments received on the draft report was not discussed by the working party until January 1949. The general reception was reported as favourable, but with criticism of length, style and over-reliance on war-time examples. It was resolved that 'Principles and Practices' should be re-written, and the Treasury civil servant volunteered to arrange for this to be done by the Economic Information Unit of the Treasury.

At this point a request from Cripps as Chancellor of the Exchequer for a considered view on the value of operational research for the nationalized industries produced an illuminating response from the Treasury official. The labours of the

working party to produce a document were summarized, and it was concluded (*inter alia*) that 'there is doubt in many quarters whether there is anything new in the techniques of operational research, and whether it is not simply a new name for the application of the scientific method to practical problems. As a layman I fully share that doubt'. There was more to follow.

By March the Economic Information Unit had agreed to re-write the report, with an economist's rather than a scientist's hand on the pen, supposedly to improve intelligibility. By late May the new text, at perhaps one-sixth of the original length, was available for distribution to the working party, but with both a covering note and marginal comments.

The marginal comments were terse, acerbic and deflationary. However it was the covering note which was most damaging. The very simplicity of the language of the redraft, (it stated),

brings out very well, I think, the weaknesses of the original Report, and therein lies its value. . . . it is hard to be sure that this paper is really saying anything at all. . . . the more we read the literature which has been circulated about it, the closer we come to the conclusion that operational research is merely a term covering a whole range of sensible activity (already known, studied and applied under other names), arbitrarily, and to no purpose, differentiated from other sensible activity.

The working party met to consider this unpalatable document on 9 June 1949 (with Drs Gordon and Easterfield among these attending) and decided that they could not swallow it. Evidently such a report, if circulated, would do more harm than good to the spread of operational research; but after 16 months of endeavour it was the only paper on the table. Alexander King in the chair held that 'Principles and Practices' had really fulfilled its objective in stimulating thought, and discussion turned to other matters.

A memorandum from the Treasury coordinator two months after 'Principles and Practices' was laid to rest is revealing. The simplification of 'Principles and Practices' carried out by the Economic Information Unit, he wrote, 'achieved its purpose of "de-bunking" the subject'. After protracted exposure to the arguments he was now 'almost completely convinced that there is nothing in operational research other than proper application of scientific method; and that so far as industry is concerned everything, therefore, that operational research could teach should and would also automatically be taught under other names by the British Institute of Management, for instance, as part of the technique of good management, cost accounting, work layout, etc.' Since the derailing of 'Principles and Practices' the focus of activity had shifted to the newly formed Operational Research Club 'which has decided to publish a quarterly bulletin on operational research, giving case histories, since it finds it hard to agree on anything else'.

This account of the defeat of the main attempt to introduce OR as a crucial component of the post-war government apparatus is largely complete. One loose end, however, remains to be disposed of – the Committee on Industrial Productivity itself. Soon after its foundation the CIP came under heavy criticism from the

Federation of British Industry for its imputation of technological inertia and backwardness in industry. Attack was concentrated, among others, on a report by Cecil Gordon proposing a new government body to frame ideas for innovation in capital goods generally but in textile machinery in particular. Gordon's paper has recently been assessed as 'thoughtful', 'one of the more sophisticated efforts during reconstruction to adapt what was fruitful about the organization of wartime development work to the civilian economy' (McAllister 1986). However, the attacks which ideas such as these provoked helped to convince Tizard that little of value could be achieved by the CIP mechanism, and by January 1950 he had persuaded the committee to propose its own dissolution. Residual responsibility for OR devolved on the Department of Scientific and Industrial Research.

EDINBURGH YEARS

Cecil Gordon left the Board of Trade and Operational Research in the autumn of 1948 to join the Department of Animal Genetics at the University of Edinburgh as Senior Lecturer. C. H. Waddington, head of the Coastal Command Operational Research Section in the closing period of the war, now held the Chair of Animal Genetics at Edinburgh, and it was at his invitation that Gordon travelled north. Other familiar faces were to be found there: Alan Robertson and James Rendel, both former members of Coastal Command OR section, were on the staff. But Gordon's years at Edinburgh were for him a nearly unmitigated disaster. By the summer of 1950 he had fallen out comprehensively with Waddington, and in January 1952 he moved to a post at the Department of Public Health and Social Medicine.

There is little in the story of this dispute (in which the majority of the staff in Animal Genetics opposed Waddington, and the Agricultural Research Council convened an Enquiry into their allegations) which is of direct relevance to operational research, except the involvement in it of some prominent operational researchers. However, the episode does provide incidental further evidence of the wide permeation and high repute of operational research at this period. For when Gordon arrived at Edinburgh there was already an operational research section, consisting principally of Rendel and Robertson, at the Institute – assessing, for example, artificial insemination programmes in terms of the recorded milk yield of progeny. It is ironical that some of the momentum of the major dispute was imparted by conflict and manoeuvres over who should run this section.

Undoubtedly we can learn something about Waddington and about Gordon from this whole affair. The side of Waddington's complex character which is exposed is of someone who cut corners, and was not over-meticulous about methods when he knew what he wanted. Willing doormats were exploited and got little in return. But there were other sides. Indeed, what some saw as favouritism others saw as an anti-hierarchical style, even shyness, at worst an unfortunate habit of ignoring those who didn't draw themselves to his attention. What some saw as moral laxity, others saw as cheerful optimism, or childish irresponsibility.

Cecil Gordon did not, by temperament or choice, inhabit such ethically grey areas. Never a bland or easy personality, the stress of the entire affair accentuated

the difficulties. He became obsessive about standards of personal morality, and his sensitivity that Waddington's personal favouritism undermined his formal seniority provoked some prickly behaviour. It is therefore worth recording the comment of the then Secretary of Edinburgh University, in the thick of the dispute in mid-1951, that 'in nearly every particular instance Waddington has theoretically been to a greater or lesser extent in the wrong and Gordon in the right'. (He deprecated, nevertheless, the expenditure of so much time on 'smelling out sin'.) This comment on Gordon is supported by a later remark of Professor Crew, head of Gordon's new department, after Gordon had failed in his application for a Professorial Research Fellowship through frank responses to questioning on the reason for his transfer from Animal Genetics to Social Medicine. 'What I had not allowed for', wrote Crew, 'was the almost abnormal intellectual honesty of Dr Gordon'.

These circumstances were not propitious for the resumption of Gordon's earlier research in genetics. Indeed this may well have engaged his interest less strongly than in pre-war and pre-OR days. (On taking up his post at the Board of Trade he had written to an ex-student that he felt he had now abandoned biology permanently.) Certainly he retained his involvement with operational research, first through his continuing membership of the CIP Working Party, then in 1950 as adviser to the War Office on their operational research organization. Indeed as late as 1957 he was recorded as among the participants at the first International Conference on Operational Research held in Oxford that year. It could even be said that Gordon's new research area of Social Medicine (or Community Medicine as it is known today) was in effect a move back towards the more purposive tradition represented by OR.

Cecil Gordon himself was a sick man, suffering since the early 1940s from a progressive and painful disease, which necessitated repeated operations. In early 1960 he opted for major surgery whose chances of success he knew to be limited. On 16 March he died, at the age of 53. A collection raised funds for a series of annual memorial lectures, and the first was delivered by Lancelot Hogben.

His period in Edinburgh was unhappy and frustrating, and he was in many respects a disappointed man. However, even at this time his energies and interests refused to be confined. Thus his Community Medicine work on the need for domiciliary services by the elderly characteristically spilled over into voluntary work for the aged. At the time of his death he chaired his local Labour Party branch and was delegate of the Association of Scientific Workers to the Edinburgh Trades Council.

SUMMING UP

It is over thirty years since Cecil Gordon's death, and some forty since the central events described in this account. A summing up of his legacy to operational research remains elusive. He left us, perhaps, an example of the versatility and originality of a purposeful and free-ranging intellect, prepared and able to attempt the structuring of diverse and novel problem situations so as to facilitate understanding and decision. Yet his practical achievements were specific

to the application areas which he tackled; he left no generalized technique or school of followers.

What is striking, however, is the continuing high opinion of Cecil Gordon held by many of those who in terms of wordly recognition far surpassed him. The originality of his versatile intellect, and his commitment and dedication still command 'enormous respect and admiration'. A colleague who joined the Special Research Unit from the Navy (and who later achieved a high position with the United Nations) was advised by Blackett (with whom he had worked during the war) that 'he could not think of any one more interesting or stimulating to work for than Cecil Gordon'. Nor was it just a matter of intellect. There is also a lasting recognition of the straight forwardness, even simplicity of his character. Someone on the other side in one of those heated feuds which marked Gordon's progression through life still sees him as 'a very honest bloke'. Others repeatedly refer to his niceness, his very trusting nature. Too trusting perhaps, and too simple. But he gave himself unstintingly, and in return inspired widespread and lasting affection. For Lancelot Hogben the affection lasted more than thirty years. On the occasion of his Cecil Gordon memorial lecture he reflected 'How I did love that boy'.

For a brief period at the Board of Trade, Cecil Gordon was at the pivot point where the future direction of the fledgling operational research was being established. Gordon's colourful character may have influenced the outcome; however his commitment and persistence might easily have outweighed any 'outsider' abrasiveness had circumstances been different. It is to these other circumstances which we must now turn.

One factor in the failure of the Special Research Unit undoubtedly was the nature of the civil service – its veneration of the generalist over the specialist, its 'insider' mystique, the anti-planning bias, especially of its senior members. Jolted by unpleasant war-time expedients, many civil servants were eager to return post-war to accustomed ways of doing business. Radical initiatives, especially those requiring internal restructuring of the government machine, commonly meet persistent and sophisticated resistance from within the civil service. Certainly Herbert Morrison, a great enthusiast for science, which he held 'can be applied to almost any problem', thought this was the case. An August 1948 comment of his is most germane to the fate of the CIP operational research initiative. Civil servants, he complained, were sandbagging his plans for injecting more science into industry.

Another evident factor in the fate of the Special Research Unit was the replacement of Gordon's sponsor Sir Stafford Cripps at the Board of Trade by Harold Wilson. But the differences in their attitudes reflected more than differential personal chemistry. Their presidencies corresponded with two distinct phases of the Attlee government, marked by policy shifts at both the economic and political levels.

The immediate post-war years were ones of stringent austerity, with critical shortages of a wide variety of essential materials and commodities. During this period the concern in government was with the organization of supply, and the regulation of use according to priorities. There was therefore a continuation of some

version of the non-market controls erected during the war. This approach was, in 1947, subjected to massed attack by economists urging instead the employment of fiscal measures to reduce 'excess' demand, and by 1948 the Labour government was already moving to a policy of control by demand management. As the post-war scarcities gradually yielded, there was less and less case for a directly interventionist role, since the government had already conceded the prime role of market forces. The Attlee government's retreat from controls was executed under extreme pressure – the fuel crisis and economic collapse of 1947, and recurrent financial crises. The Marshall Plan, established by April 1948, exposed the government to greater influence from the United States and consequentially from domestic bankers opposed to physical controls (Middlemas 1979). 'Planning' was on the way out, and was not to return (and then only in a strictly domesticated version) until the Labour government of 1964.

The reaction against planning (and government OR) was not purely the product of changes in economic circumstances and organization. The 1947–8 watershed also marked the transition to the Cold War. Its effects were not restricted to foreign policy and military expenditure. One domestic manifestation was Attlee's move in March 1948 against those with known Communist Party associations. More generalized was a change in the intellectual climate in which certain ideas and policies, including that of centralized state planning, became tarred with the brush of totalitarianism. Operational research, because of the socialist perspective of many of its originators, and more generally through the left-wing image which science and scientists had acquired since the 1930s, was exposed to this chill wind. It is worth recalling that Blackett was for several years refused admission to the United States, and on one occasion was arrested when his plane made an unscheduled stop there. He held no advisory position during the Attlee administrations, and after 1947 Bernal joined him among the outsiders of British science politics. Planning, associated with science, from being the progressive common wisdom became tantamount to Soviet-style totalitarianism.

What lessons can we learn for the present and future practice of operational research from the experience of OR in government in the later 1940s? One such lesson is that operational research didn't just happen. Its origins lay with particular social groupings and circumstances in the 1930s, and its subsequent developments were conditioned by the interplay of social forces and other material factors in the post-war era and onwards. With hindsight it is easy for the path to seem fore-ordained. Yet there were apparent alternative routes, and it is valid to speculate what changes in circumstances or consciousness would have been required to make them feasible. Also, by identifying the multiple factors which have been shaping OR's trajectory, we can educate our awareness of what alternatives might now or in the future be possible.

Operational research offers, in principle, an alternative to the rule of market forces. An alternative, and hence a challenge. For if decisions about the matching of demand and supply, about resource allocation, can be taken by explicit calculation (as they were in the war-time emergency), the market is called in question. It was this potential which Cecil Gordon and the Special Research Unit were at

least implicitly exploring, for example, in their work on indicators of 'preferred' cotton cloths for home consumption or for export. The conflict between the logic of social benefit (given quantified expression by the Special Research Unit) and the logic of private accumulation (in the interests of the cotton manufacturers) seems to have been at least a contributory factor in the demise of the SRU. The outcome was not determined by the superiority of one logic, but by the superior political and bureaucratic force which its adherents could muster.

In the radical moment of the post-war Labour government, with its inherited war-time controls, its massive parliamentary majority and the pent-up popular desire for change, it must have seemed as if social need rather than sectional profit might become the criterion for decision-making. Cecil Gordon, and a few others, attempted to provide tools and organizational forms which could operationalize such a policy.

In retrospect it seems like a forlorn effort. It is not only that contemporary political factors combined to undermine the attempt, for there were other obstacles in the way of success. At the technical level, the design and operation of an effective system for nation-wide resource allocation according to social priorities would surely have proved quite infeasible in those pre-computer days. Nowadays many of those who, like Cecil Gordon, share the desire to see a society whose dynamic is not provided by capital accumulation would in any case balk at the prospect. Experience in both the Soviet bloc and advanced capitalist countries has alerted socialists to the difficulty of participatory and democratic control of monolithic and centralized planning systems.

Just as there have been transformations in socialist thinking in this area, so there have in recent years been rapid developments in available computer technology and software. These now offer the capacity for decentralized yet linked decision making. This technology is currently being exploited as a key component in the rejuvenated advanced capitalism which prevails today. However, it also carries the potential for operationalizing bottom-up planning based on the collective needs of diverse interest groups. Even in so hostile a cultural and economic climate there is scope for conceptual and practical development work – to elaborate the existence of a responsive alternative to resource allocation based on the market mechanism and private accumulation. The current 'Community Operational Research' initiative (Jackson 1987) within the British OR profession provides one hopeful example of such a demonstration project.

There is another lesson for those who desire to see operational research's potential as an alternative to coordination by market forces put into practice. This is that technical experts, however pure or correct their political perspective, have no political clout of their own. Their availability, and that of the alternative tools they may construct, can be valuable in *enabling* alternative policies to find practical expression. However, though social transformation requires expertise, the latter cannot produce and sustain the former. Isolated from the effective support of powerful social interests, technical experts of even the most impeccable motivation become hostages to fortune, to be bought off or picked off at an opportune moment.

In the immediate post-war years operational research stood at the cross-roads.

Cecil Gordon saw and embarked on a direction consistent with those socialist aspirations which had attended OR's birth. That road proved then to be blocked. Other tendencies prevailed, and have determined the shape of present day OR – which is one largely consistent with and subservient to the logic of capital accumulation. We can nevertheless celebrate the courage and steadfastness with which he pursued that vision. It can best be commemorated by those who, making use of his hard-won experience, emulate but do not copy.

NOTE

The present article follows a biographical format, as did a previous account (Rosenhead 1989), which provides additional detail, full reference as to sources, and acknowledgements of the many people whose assistance has made this reconstruction possible.

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QUALITY AND PUBLIC SERVICES

KIERON WALSH

The issue of quality of service is becoming increasingly important in the public service as a result of new approaches that are being adopted to management, notably the development of contract-based management. The argument of this article is that the concept of quality is a particularly difficult one for the public services, because of problems of information asymmetries. The first sections of the article are concerned with the meaning of the concept of quality and the problems of managing quality in the service sector and the public service in particular. The central argument of the article is that there are important problems of information asymmetries between service providers and service consumers. Four different situations of differential information availability are distinguished. The article argues that the issue of quality in the public service is an inherently political one.

This article is concerned with the question of what is meant by quality in the public service and with analysing the difficulties that are involved in ensuring quality of service. I shall start by discussing what is meant by quality. I shall then go on to argue that there are particular problems in ensuring quality in services in general and in certain types of public service, those provided by professionals, in particular. These difficulties may be illustrated using a framework that focuses on the ability of the user and the producer to assess quality. These difficulties in specifying quality create important questions for those concerned with implementing the government's changes and reorganizations of the operation of local government, the civil service and the national health service. These changes involve the development of markets and contracts for services, which will only work effectively if the service that is to be delivered can be defined and its quality specified and monitored.

THE MEANING OF QUALITY

The concept of quality has two basic elements, focusing respectively on the product itself and the relationship of user and product. The first focus, on the product itself, defines quality as the degree to which a particular service or product conforms to its specification. This is a view of quality that is based upon identifiable faults, which can be discovered by inspection. Products which have faults can be identified,

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and either not sold, or remedies made available should consumers recognize faults. This is a static view of quality that emphasizes technical conformance, however much the specification for a product may have become inappropriate to the circumstances in which that product must now be used. A more dynamic view of quality emphasizes the extent to which the product is fit for the purpose for which it is intended. Something might conform perfectly to its specification without being any use for the circumstances in which it is to be used. As the pace of technological change quickens, products are likely to become obsolete more quickly, and the product life-cycle to shorten.

A definition of quality in terms of conformance becomes less useful the more rapidly the nature of requirements changes. Organizations must look outward as the key determinant of success changes from the control of internal production systems to the relationship with the consumer. Henry Ford's essential breakthrough, still the basis of much manufacturing organization, was to control the production process, but successful organizations must now manage external rather than internal systems, which is why marketing and sales have become so dominant in organizations. Much contemporary innovation is in product delivery systems.

This argument has been strongly developed in the work of Peters and Waterman (1982) and other recent management theorists who have argued that to be successful organizations must look outward. Normann (1984) has developed the argument more explicitly in the case of services, maintaining that the management of the relationship with the customer is crucial:

Given that the client is both a consumer and a producer, the management of the company-client interface becomes extremely important and a delicate task for any service organisation. Interface design is a crucial variable which determines much of the strategic positioning of the company, and it has profound organisational consequences (Normann 1984, p. 51).

What is true of the private service company is even more true of the public sector organization subject to the requirements of public accountability. Citizens have a right to evaluate the quality of the public services they receive. As I shall argue below it is difficult to conceive of the production of high quality public services without considering the role of the client. User evaluation will always be an element of the analysis of the quality of public services. A second consideration in the analysis of quality is the extent to which it can be known before the event or can only be assessed after, or in the process of, use of a product or service. Nelson (1970) has defined this distinction as being that between search goods and experience goods. Search goods are those of which the consumer can investigate the characteristics before purchase. Experience goods are those which it is impossible, impracticable or too expensive to investigate before purchase. To some extent all goods will have characteristics of the two categories, but there are clearly goods that fall predominantly into one category or the other. Cars and houses are search goods; entertainment and many foods are likely to be experience goods. The more expensive the good the more we are likely to engage in potentially costly search, though even the most expensive goods may involve impossibly high search costs.

Where search costs are high, but the product involved is extremely expensive, the buyers and sellers will tend to develop peculiar and esoteric markets, as for example in the case of diamonds or commodities trading (Kenney and Klein 1983). These markets are often heavily oriented to the development of trust as a substitute for high costs of searching for information on which to base an evaluation.

Experience goods are much more likely to be evaluated in terms of their fitness for their purpose rather than conformance since they will be difficult to specify precisely because they are hard to evaluate. It is because their quality cannot easily be stated in terms of physical and other characteristics that they can only be evaluated by experience. It is perfectly reasonable, for example, for me to say that I like one book more than another, or one food more than another, without being able to say precisely why. Search goods can be specified more closely. But however well we can specify goods we can never develop a universal cardinal measure of quality, at least in the case of services. The user is necessarily involved in the evaluation of quality, and the impossibility of interpersonal comparisons of utility means that the measurement of quality is always a matter of judgement, and an exercise in practical wisdom.

QUALITY MANAGEMENT, CONTROL AND ASSURANCE

The approaches to quality management, quality control and quality assurance also relate to the distinctions between conformance and fitness, and between experience and search. Quality control is a process that is intended to weed out non-conforming products, and necessarily takes place after the service has been produced and before it is used. The emphasis in quality control is on conformance and it will be of little value for experience goods, which cannot be assessed except in the process of use. Most approaches to performance measurement in the public service take a quality control approach, focusing on conformance, and emphasizing the extent to which behaviour conforms with organizational procedures and controls. Pollitt argues that:

... the majority of performance measurement schemes appear to have been top down affairs, propelled by the interests of politicians and senior officials in controlling both expenditure and the range and types of activities engaged in by the lower level officials, particularly the 'street-level' service deliverers – counter staff, social workers and so on (Pollitt 1988, p. 77).

Performance measurement and appraisal, as forms of quality control tend to be internally oriented, and intended to control.

Quality assurance is the set of organizational procedures that are intended to ensure that good service is produced in the first place. It is an attempt to build quality into the product or service rather than inspect out non-conforming products. It is arguable that it is not possible to state and monitor the quality of human services as it is possible to state the quality of physical products such as water. Quality assurance is necessary because of the shifting nature of consumer evaluation. As we become accustomed to a particular service and product we are likely to expect more, for the existing standard, as Hirschman (1983) puts it, yields comfort

rather than pleasure. Expectations continually rise as we compare our experiences with those of others and with our own past experiences. This process is likely to be more marked in the case of experience goods, which includes many public services. Assuring quality will involve adapting to constantly shifting evaluations.

THE QUALITY OF SERVICES

Manufactured goods are things that are made; services are performances that are enacted. As Marshall (1947) said (quoted by Cowell 1984, p. 21), services go out of existence at the moment that they are created. The management of service quality is more difficult than controlling the quality of manufactured products. The ephemeral and constantly shifting nature of services makes it difficult to apply the standard techniques of quality management, never mind production control. Services have a number of characteristics that make it difficult to develop effective quality control and quality assurance methods (Bowen and Schneider 1988):

- They are intangible, unlike material products, and consequently cannot easily be stored, sampled for testing, or measured along standard dimensions.
- The production and consumption of services are not separate in time, for services are consumed as they are produced, making it difficult to set up filters between the production process and the act of consumption to weed out bad products. Rather than being separate processes, quality control and quality assurance must be a part of the production process. They must largely be performed by the producer and consumer working together.
- The producer of services is a part of the product because the receipt of a service involves the personal relationship with the producer, and in certain extreme cases the relationship is the product, for example in certain types of therapy. The service cannot be standardized through being embodied in technology.
- The consumer is necessary to the production of services in a way that is not true of manufactured goods, which will exist whether or not the consumer uses them. On the other hand, for the doctor, nurse, teacher or social worker to produce a service the client must play a part.

Services are largely produced by individuals for and with other individuals and the identity of the specific individuals involved in the service relationship matters, while the relationship between producer and user in the case of material goods is essentially anonymous. The nature of the exchange in a service relationship will often be highly personal, involving people as individuals. It matters little to me who made the clothes or chocolate bar I buy; it matters a great deal who cares for me when I am ill or who educates my children.

The result of these characteristics is that standards of quality are difficult to state and maintain. In some cases services are not only physically but mentally intangible, because they are difficult to grasp and understand. It may even be that it is difficult to know whether or not one has actually received the service at all. The evidence

that a service, never mind a satisfactory service, has been delivered may not be clear in many personal or protective services.

Standards will vary with the individual producer and consumer, both of whom will be involved in the process of service production. The importance of the involvement of the consumer in the production process has been recognized in economics following the work of Becker (1965), Lancaster (1966) and others who have developed the idea that people produce particular desired ends through combining their own time and effort with purchased goods. Quality systems are, then, difficult to maintain by working on the internal systems of production organizations alone because the situation of use must also be considered. The involvement of the consumer in the production process for services makes it even more impossible to manage quality internally.

Services cannot be produced and stored in order to provide inventories to meet fluctuations in demand. Service providers often work precisely the opposite way round: they do not store stocks of the product in order to meet fluctuations in demand, but store the consumer, in queues or waiting lists, so as to ensure that the providers' time is not wasted. Users face famine or feast, for the availability of services will depend upon the number who want them at any time. The difficulty is that people will tend to demand services at the same time, and an increase in demand will serve to reduce the quality of service as providers try to provide more on the same budget. Resources provided to improve service quality may not do so because they are used to expand the level of service production, simply 'reproducing the problem of service quality at a higher volume level' (Lipsky 1980, p. 199). Services, as Hirschman says, face quality problems if we try to expand them:

...their average quality is likely to drop substantially. This is so because it is difficult to assemble at the same time all the inputs needed for high quality performance – new school buildings are built faster than new teachers are formed, or vice versa. It is therefore precisely when a society makes a determined effort to widen access to certain services that the quality of these services will decline, with obvious negative effects on the morale of both new and old customers (Hirschman 1983, p. 41).

The fact that public services are typically provided to people, rather than to other industries, means that they are particularly prone to the changes in levels of need that follow from the cyclical character of population change (Easterlin 1980), and it is easy for levels of provision and demand to become mismatched.

Services are more difficult to standardize than manufactured goods, which can be controlled through the various techniques of production engineering and scientific management. New technology may make possible the standardization of some services following the example of McDonalds, but the standardization of all aspects of service production is unlikely, precisely because the process of human contact and interaction are an integral part of the service. Levitt (1972) is surely wrong to argue that people can be removed from the delivery of service through processes of automation, for they do not just deliver them, they are also part of the service itself. The service cannot be stripped away from the service relationship and built into machinery.

THE POLITICS OF QUALITY

Decisions in the public sphere involve value differences and conflicts that arise less explicitly in the production of goods for the market. The question of quality of service becomes, in part, an ethical one, because different outputs and outcomes can be evaluated from different moral perspectives. There may be radical differences between evaluations of the same service because the criteria on which evaluation is based are different. These differences of value need not be between different individuals, groups or political parties; they may also be internal divisions between the conflicting values of the individual, group or party. In deciding between these values in the case of any individual decision something is inevitably lost, some aspect of one's values denied. As Thomas Nagel (1979, p. 128) says there is a dilemma caused by the 'fragmentation of value and the singleness of decision', which can only be resolved by the exercise of judgement. There is no single value base, least of all money, that will enable us to avoid the value dilemmas that will confront us in making practical policy decisions.

The dilemma of many values and single decisions may be particularly cruel for those engaged in the actual delivery of service who must ration scarce resources with no single yardstick to decide between deserving cases. Lipsky (1980) has detailed the routines and mechanisms that street-level bureaucrats develop to cope with this dilemma. Equally hard are those instances in which deeply held values point in opposite directions in specific instances, for example whether to protect children by taking them into care or to keep families together. It is not that the decision is right or wrong but that it is both and neither at the same time. The best that can be done is that good judgement can be exercised. Effectiveness cannot be measured along any single dimension since it involves value conflicts even for the individual. There need be no common measure for the value and quality of services to be compared and judged against each other, just as there need not be for ethical judgements (Williams 1985, pp. 18–19).

If quality is a matter of judgement then it needs to be recognized that it may be difficult for people to express feelings about it: 'It is reasonable to assume that it is generally easier to speak up about manifest problems than about differences of judgement' (Best and Andreasen 1976–77, p. 719). There will also be questions about who has the right to judge quality and for many years professionals have jealously guarded their claimed special right to make judgements about the proper character of service. Certainly this claim is not without justification, but, as I shall argue below it is also limited.

ASSESSING QUALITY

Services are fundamentally different from manufactured goods, and public services even more so. The various differences that I have outlined make the judgement of quality a potentially difficult and contested exercise. Producer and consumer will have different abilities and rights in the assessment of the quality of goods and services. Either may find it difficult to assess the quality of what has been produced partly because they may be looking for different things. In a study of

social work in the United States Maluccio (1979) found that: '...for the *workers*, the content of the interaction in the initial session was more significant, more lasting in the memory than the process. For the clients the reverse was the case' (Maluccio 1979, p. 178).

It is not so much that quality of service varies but that the bases on which quality is judged differ and change. What was a perfectly acceptable service in the past may be so no longer as expectations rise. What is an acceptable level of service for one person may not be so for another. For these reasons the assessment of quality or at least the attainment of agreement on quality is likely to be difficult.

Four basic cases may be defined by considering situations in which it is either easy or difficult for the consumer to assess the quality of service, and easy or difficult for the producer to make the same assessment. The basic distinctions are illustrated in figure 1, which distinguishes four types of case that can arise in the assessment of the quality of services. In the first case of mutual knowledge both producer and consumer can easily evaluate the quality of a good or service. This is likely to be the case for simple everyday products such as food, toiletries and basic household items.

FIGURE 1

		Degree of difficulty for user in evaluating quality	
		Low	High
Degree of difficulty for producer in evaluating quality	Low	Mutual knowledge	Producer knowledge
	High	Consumer knowledge	Mutual ignorance

Even in these cases there is likely to be some disparity of knowledge and the producer may have some ability to hide information or mislead, but it will be more limited than is the case with more complex goods. It is possible to argue that the quality of foodstuffs or whatever can only ultimately be assessed through sophisticated testing, but the point is that customers do feel able to make sufficiently informed judgements to make decisions. At a certain level quality is accessible. Even if the customers cannot themselves do the testing that may be necessary to determine quality they may be able to assess and make use of the tests and judgements of experts, for example in *Which* studies. Quality is, in these circumstances, an accessible dimension of the product either for the consumer or producer directly or through a third party who can provide expert assessment.

In the second situation the user has much less ability to evaluate a product than the producer. There is a serious disparity in knowledge between user and producer. It is not the case that the greater knowledge of the producer or seller necessarily puts them at an advantage, for the fact that the consumer is unable to judge may simply mean that the market fails. This problem has been treated in economics by the work of Akerlof (1984), who considers the problems which arise when the quality of a product cannot easily be assessed. He argues that there are:

...many markets in which buyers use some market statistic to judge the quality of prospective purchases. In this case there is incentive for sellers to market poor quality merchandise, since the returns for good quality accrue mainly to the entire group whose statistic is affected rather than the individual seller. As a result there tends to be a reduction in the average quality of goods and also in the size of the market (Akerlof 1984, p. 7).

In second-hand markets, for example the market for used cars, uncertainty over quality will lower the average price, leading those with good quality products to withdraw from the market because they cannot get the full value of what they wish to sell. Professional services, by virtue of the specialist knowledge and expertise on which they depend, have some of the same characteristics, perhaps with the added difficulty that the average statistic is not available, or has been deliberately suppressed. Professionals are often unwilling to make public assessments of their performance, on which the public would be able to make judgements.

Dingwall and Fenn (1987) argue that professionals are particularly likely to face the problem that they cannot easily make clear the quality of their work. They argue that:

As a result of information asymmetry, producers are unable to signal differences in their relative quality to consumers. The market price will reflect only the average quality level so that high quality producers will be driven out of the market, or will reduce their quality of service. In turn, this will lead to a reduction in the average level of quality perceived by consumers, a further consequent reduction in price and yet another dilution of quality, the process continuing in a downward spiral (Dingwall and Fenn 1987, p. 54).

The greater knowledge that the professional has may then not be a source of power but of weakness because of the operation of a Gresham's law for professional services. The greater knowledge of producers of public services will be a source of power in circumstances where the consumer must use the service, and it is likely to be in the professionals' interests to maintain ignorance. Paradoxically, as Carley (1989) argues in the case of the careers service, it may be precisely those who are in the greatest need who are least able to judge the service that they get because they lack the resources necessary for evaluation.

The third situation is one in which the consumer is more easily able to assess the quality of a service than is the producer, for example because the individual provider is only one of a team and can only see part of the total output. Community care, in which a number of agencies must cooperate to deliver an effective service, is an example. The individual client may have an unsatisfactory experience of the actual outcome, while individual services such as health, social services, housing, social security and voluntary agencies may feel that they have done a perfectly good job. The service is not the output of each individual or service taken separately but the total effect, which may well be less than the sum of its parts. When the work to be done is highly complex and various, producers must work inter-dependently. It will be difficult to determine responsibilities for quality failures, even though the consumer knows that failure has occurred. Stinchcombe and

Heimer (1985) see the administration of the oil industry in the North Sea as giving rise to such problems. 'The more two activities depend on each other in detail, the more deficient performance of either will affect the production of the other, and consequently the more difficult it will be to allocate responsibility for costs, delays, inferior quality, and other difficulties, between the actors' (Stinchcombe and Heimer 1985, p. 69).

The consumer's knowledge is likely to be privileged where the purpose of the service is to work on them as people, physically, psychologically or emotionally. Only I can know whether the professional has coped well with my pain. The output from care or advice is invisible to all but the consumer and needs are likely to be constantly changing. The consumer's knowledge is also privileged when it matters who provides the service. In the case of what Foa and Foa (1974) call generalized exchanges, for example the simple exchange of goods for money, the identity of the providing party will not matter, but for particularistic exchanges, such as love or care, then the identity of the other party to the exchange will matter. Generalized contracts, which do not identify the providers, will not be possible. Many public sector services are highly particularistic involving us as individuals and only the consumer can judge the service. Quality will be a function of who the provider is, whatever the standard of their work.

The consumer's knowledge is also likely to be privileged in cases where the perception of quality varies significantly from one individual to another. Some may be much more quality conscious than others and more likely to react, for example, to change in quality rather than price. The more complex the service involved the more likely it is that there will be differences in quality thresholds, because there are more distinctions that can be made. Any measure of quality is then dependent on knowing the quality perception profile of the consumers of the service. This is especially so in the case of non-material products, such as education or health, when all that may be involved in revaluation may be a change of perception.

The privileged knowledge of the consumer may, but need not, place them in a position of superior power. The fact that the consumer can judge the quality of output can create dangers of moral hazard in which the consumer is able to understate the benefits gained from a service, perhaps leading to under-provision or underpayment. But equally the consumer may make the judgement that quality is poor but be unable to apportion responsibility between producers, or, even if they can do so, be unable to do anything about it. They may not be able to stop using the service. If those who put a high valuation on quality exit from the service, by taking up, for example, private education or private health, or buying their own houses, the incentive on the producer to maintain quality will be reduced. Those left with the service may well not be able or willing to pay a price sufficient to guarantee quality. Market forces cannot then guarantee quality. If the consumers' knowledge of quality is difficult to articulate and use in relations with the producer then it may not serve to enhance their power.

In the final situation, in which it is difficult for either side to assess quality without excessive expenditure, the problems that arise in the cases of consumer and producer

knowledge are even more apparent. Mutual ignorance may arise because the results of a service will only come about in the long term or because it is very new or simply because it is difficult to be clear about what is an acceptable result. Carley (1989) argues that it is difficult for those involved, whether consumer or producer, to be precisely clear on the purposes of the careers service. Much of the work of the public sector is preventative for example in the case of health or social care and aspects of housing. In such cases it is very difficult to evaluate the quality of the work that has been done, given that the output may be something that has not happened.

Even when it is possible to make fairly accurate assessments of quality, it may be extremely costly to do so and tight contracts will therefore be inefficient. Kenney and Klein (1983) discuss an instance of this problem that arises in the diamond market where the costs of assessing quality are high and it is important to develop trust. Because the quality of the product cannot be specified without high cost, producer and consumer must share the risk:

When both parties to a transaction must supply important inputs that cannot be prespecified cheaply by contract and when brand name costs are non-trivial, a sharing arrangement, while it creates potential moral hazard problems, may be the most efficient solution. In a world of imperfect foresight, measurement and enforcement, some combination of specification, brand name and disincentive costs will be associated with any contractual arrangements (Kenney and Klein 1983, p. 525).

It may be possible to assess quality but not worth the effort and expense if alternative cheaper methods of ensuring an acceptable result can be found.

In the case of services that deal with peoples' bodies or minds, where the nature of the problem is constantly shifting and is difficult to define it may be particularly hard to define the nature of the actual or intended outcome and therefore to make any judgement of quality. Strauss *et al.* (1985) recognized this problem in their study of medical work:

Surgical nurses have remarked to us about avant-garde surgery that in postsurgical phases it is difficult even to assess 'what is going on' and to what degree the surgery has been successful. Because 'everything is so new', they literally do not quite know what to expect and how to evaluate it (Strauss *et al.* 1985, p. 10).

The problem of neither user nor producer being able effectively to evaluate quality is likely to arise particularly for new services, and where there are constantly changing circumstances.

Again where the consumer is part of the production process these problems will be enhanced. Many services in the public sector have the characteristic that it is difficult for either producer or consumer to judge quality, and perhaps even whether the service has been produced at all. The nature of what is intended to be produced in the case of community development work, or much social work and education is necessarily imprecise because it is about the generalities of life not the particulars and because results may only become apparent in the very long term.

In considering whether quality can be assessed we must also take into account whether it is possible to distinguish quality before a service is used or only in the process of use or after use. The more the user can engage in *ex ante* evaluation the easier it will be to write contracts that specify the quality of what is wanted in detail. If it is only possible to assess quality in the process of use then contracts for the delivery of services will need to concentrate on the relationship between the producer and user rather than evaluation of results or prior specification. What are needed are what MacNeil (1980) calls relational contracts. It is not necessarily the case that the ability to evaluate the quality of a service output puts either user or producer in a dominant position, because knowledge of quality is not the sole determinant of power. As in the case of Akerlof's lemons (Akerlof 1984) the producers' knowledge of quality may simply alert them to when they are being disadvantaged. The power of the producer or consumer will be an independent variable which it will be crucial to consider in trying to develop methods of regulating, inspecting and monitoring services and in writing and administering contracts and specifications for the delivery of services. The contract will need to deal with specialist knowledge and take account of the ability to use that knowledge which means that different aspects of the contract will be important in different circumstances. The relationship between provider and client in public service provision requires a greater degree of trust than that between the producer and consumer of manufactured goods. The difficulties of evaluating the product and the performance of the producer, to the extent that it may not always be clear that the product has been delivered at all, mean that the client must have a degree of faith in the producer. The more the service involves the client in personal relationships with the producer, the more essential trust will be to the success and persistence of the relationship. Relationships with doctors, therapists, social workers and teachers require more trust than do relationships with newsagents, bus drivers, or refuse collectors. More trust is needed for particularistic than generalized exchanges. Producers also need to trust consumers in the case of services because consumers are part of the service production process. The doctor or teacher is unlikely to succeed without the cooperation of the client, and the professional will need to be confident that the client will behave responsibly.

CONCLUSION

I have argued in this article that quality will necessarily be difficult to assess in certain areas of public service provision. At the moment the assessment and specification of quality has been limited to fairly straightforward physical services such as refuse collection and the cleaning of streets and buildings. Even in these cases difficulties of the sort that I have been discussing will arise, for example it is impossible to define standards of cleanliness without ambiguity. But as the contracting, market-based approach begins to be extended to more complicated professional services, such as medicine, law, finance or social services, it will be necessary to develop more sophisticated approaches to quality specification. The problem is not simply one of complexity, but of coping with the fact that public services, in particular, involve value choices. The question of quality in public

PUBLIC MANAGEMENT

THE PUBLIC SERVICE ETHOS

JOHN SMITH

In the 1990s I believe that Britain must renew and restore its public services. If this country is to prosper economically in the years ahead, and if our citizens are to enjoy a better quality of life, a new commitment is needed to the public sector and to the people who work within it. And in making such a commitment, the valuable and unique contribution made by our public services to the economic and social life of the nation must be wholeheartedly reaffirmed.

I believe we need in Britain a government that is committed to the role of the public sector both philosophically as well as simply financially. And by that I mean a government which understands the positive case for the public sector – a government which appreciates that, in modern industrial societies, public provision and organization are vital pre-conditions of economic success and social cohesion.

Even the greatest advocates of *laissez-faire* have accepted the case for public provision. Adam Smith, for example, acknowledged that the state should maintain the basic economic infrastructure, particularly in roads and transport, because he recognized that 'the profit could never repay the expense of any individual or small number of individuals'. But Adam Smith's vision of the role of the public sector also extended beyond the narrowly economic. Clearly recognizing the social limits of the unfettered market, he strongly advocated public finance for education and for the arts.

It is my belief that the public sector serves, and unites, the community in which markets and enterprise flourish. Socially and economically, public services play a vital role within the modern mixed economy. Socially the public services enable fair provision of essential services for the whole community. And economically, they support our infrastructure, help to overcome market failures, and encourage efficiency and competition.

The case for efficient, adequately resourced and highly motivated public services

The Rt. Hon. John Smith, QC, MP, is Shadow Chancellor of the Exchequer. This is the text of the lecture, sponsored by BDO Consulting, given to RIPA members and guests on 8 May 1991

is neither hard to explain nor difficult to justify; and yet over the last twelve years of Conservative administration the positive case for the public sector has simply not been understood.

Conservatives believe that the world divides neatly into assets and liabilities. For them the private sector is the former and the public sector is the latter; and the inevitable conclusion the Conservatives always draw is that in all circumstances public spending should be reduced. That was Mrs Thatcher's objective throughout the 1980s and it remains a key priority of John Major's administration in the 1990s.

Only last month, speaking to the Adam Smith Institute, the Chancellor of the Exchequer, Norman Lamont, confirmed that 'the need to reduce the size of the public sector' would remain 'at the top of the Government's agenda', and coupled this pledge with a restatement of the Conservatives' objective of a reduction in the basic rate of income tax to 20 pence. And similarly John Major told Young Conservatives at Scarborough in February that 'the role of government should be limited. At present it is still too big'.

So despite the change of leadership it is clear that there will be no change of attitude towards the public sector. The squeeze on resources, the pressure to reduce, and the commitment to cut back will be maintained. And it is certain that significant cutbacks will be necessary if the Conservatives are to achieve their goal of a basic rate of 20 pence.

Assuming that this objective was reached over a full Parliament, with a one pence reduction achieved each year for five years, then the loss of revenue to the Treasury would cumulatively amount to at least £29 billion. That is the scale of financial losses to our public services that Mr Lamont and Mr Major have in mind when they talk about reducing the size of the public sector. But what on earth is the justification that the Conservatives offer for their claim that our public services are too big. And what is the rationale of further reductions? Little is heard today of the – economically unproven – argument that public borrowing crowds out the private sector and bids up interest rates. Little is heard of the argument, I suspect, because in the last few years there has been a public sector surplus and a record-breaking period of high – not low – interest rates. Growing public support for increased spending on education and training, on the roads and railways and public transport, and, of course, on the national health service, do not seem to support John Major's bold assertion that the public services are too big.

And look at the comparison with our partners in Europe. According to the latest available figures for 1988, government spending in the UK amounted to about 40 per cent of gross domestic product. But in the European Community the average share of public spending was above 48 per cent, in France it exceeded 50 per cent, and in West Germany – easily the most powerful economy in Europe – it amounted to more than 46 per cent. On these figures there is clearly no evidence that Britain's public sector is excessively large or that higher levels of public expenditure necessarily hinder improved economic performance.

The truth is that the government's objective of further reducing the public sector is driven by ideology and their deep-seated antipathy to the public sector. An editorial in the *Financial Times* a few years ago captured the point I am trying

to make extremely well. Entitled the 'Risk of Public Squalor' it argued, and I quote:

The simple-minded assumption that a reduction in the share of GDP that goes on public expenditure must be a 'success' is indefensible. It is quite unlikely, for example, that parents would regard their ability to pay for a cheap holiday on the Costa del Sol as adequate compensation for the Government's refusal to spend more on their children's education. Public spending cannot be intrinsically bad (*Financial Times*, 16 Nov. 1988).

The Conservative Party, whether led by Mrs Thatcher or John Major, fails to understand the argument put so well by the *Financial Times*. As they strive to achieve private affluence, the Conservatives ignore the risks of public squalor.

At the beginning of my remarks today I argued for a new commitment to Britain's public services. I do not believe that such a commitment is consistent with further reductions in the public sector or income tax reductions to a basic rate of 20 pence. Better public services, better standards of efficiency and provision, and higher levels of morale, cannot be achieved if resources are denied on a scale envisaged by the Conservatives. That is why the Labour Party has stated clearly that there will be no cuts in the basic rate of income tax under the next Labour government, and why we believe that the proceeds of economic growth, the increased resources or national dividend, that are the natural result, year-in-and-year-out, of economic expansion – must be devoted to investment and to maintaining and improving our vital public services.

The truth is that only where resources and opportunities are provided overwhelmingly through *collective means* can society ensure that every citizen has access to proper medical care, a decent education and adequate social services and benefits. According to the polls, this obvious point is accepted by the vast majority of the British people. It is also the norm in all other Western European countries. Only in Britain has it been a matter of political controversy.

After a decade in which public servants (be they teachers, nurses, health workers, carers, local government employees or civil servants) have been hounded and pilloried, it is time for a new commitment to the value, and values, of public service. The case for public welfare is that it not only provides the most effective means of meeting the needs of the majority at different periods of their lives, but also strengthens and unites the nation. An economy which is supported by a healthy and well-educated labour force will be able to compete more effectively with other advanced economies. A society which gives priority to welfare will not only be more just but also more cohesive, and therefore more socially and politically stable.

It follows that those who work for the public service deserve not blame but praise. They are engaged, not in some parasitical, illegitimate activity, but in an essential national task – serving the community. We need top calibre people to join and serve in the public service. We need to see they are properly trained and rewarded. And their work must be held in high esteem.

One aspect of our public life, which is in my opinion undernoticed and under-regarded, is the integrity with which it is conducted. I had myself experience, when

a minister in the Department of Energy, of the allocation of extremely valuable licences for oil and gas exploration and development. The oil companies, who were applicants for these licences, universally confirmed to me that the UK was without peer in its freedom from any sort of corruption by politicians or officials. That integrity in our public life, which owes so much to the very high standards of personal conduct maintained by servants of our state, is a pearl beyond price. We should esteem it more highly and recognize it as a truly honourable achievement. A recognition of the importance of public services to the whole nation and of the value to the whole nation of those who provide and maintain them will be a guiding principle of the next Labour government.

I stress the importance of creating the political will and garnering public support for more resources for high quality public services. But it is equally important to be sure that those who work in the public services are fairly rewarded, properly trained, and highly motivated. After all, the quality of service itself depends on their input more than on any other single factor.

Undoubtedly the pay of certain groups in the public sector has fallen behind over the last twelve years. While comparability is a crucial principle, the difficulties of putting matters right in a short space of time are considerable. But what I believe needs to be done, as a first step, is to halt this deterioration and to ensure that public sector pay is kept broadly comparable with equivalent movements elsewhere. There ought to be, for all in the public sector, rational means of establishing fair pay. This should be the subject of the fullest discussion and consultation with public servants and their trade unions.

The morale of public servants will, I believe, be raised by working in public services whose value is more explicitly recognized by a government willing to commit the necessary resources. It is also necessary that training is made available, on the widest possible basis, so that at all levels in our public service people feel that they have real opportunities to improve their performance and the quality of the service they provide. I am confident that there is substantial scope for efficiency and productivity improvements in a wide range of public services, provided that the government is prepared to invest in the provision of the necessary training. The previous Head of the Civil Service, Lord Armstrong, confessed in a public lecture recently, that he had only had three days training in his civil service career. I hope I do not diminish the respect which he deserves for his distinguished public service career by observing that it might have been even better had he had a little more training. Of course, he was himself arguing the case for better training. I believe he was right to do so.

A new Labour government has more than the usual vested interest of a government in higher levels of efficiency in the public services. We believe in the vital necessity of these services and the need to use the savings from increased efficiencies to improve the quality and standards of service to people. I believe Conservative ambivalence towards the public sector makes them less interested in achieving lasting improvement in the service itself. There is a world of difference between achieving real value for money, as opposed to simply saving money: it is the difference between achieving higher quality output, rather than just cheaper inputs.

The style and organization of the civil service of the state is always subject to change as society in each generation makes different demands on government. There must always be the capacity to change and adapt, but equally there are certain clear principles, such as political neutrality, which I believe are so important that they should be resolutely maintained.

I do not think it can be denied by Members of Parliament that the House of Commons – and the political world as a whole – pays too little attention to the organization of the civil service. The Next Steps programme was simply announced by the Prime Minister in 1988 – years later we still have not had the opportunity of a parliamentary debate on the subject. It is true that the estimable Treasury and Civil Service Select Committee has busied itself on our behalf and I very much welcome the interest they have consistently maintained. But having regard to the consequences for both government and Parliament of the way in which our civil service is organized and managed, politicians have shown a disinclination to become much involved in debate about its future. It was therefore timely of the select committee in a recent report to echo the words of the famous Northcote-Trevelyan report in the last century by observing:

The Civil Service is a national asset transferred from one administration to the next in accordance with the wishes of the electorate. Its efficiency and effectiveness as the instrument of successive governments and the delivery of services to the nation as a whole should, therefore, be a matter of fundamental concern to politicians of all parties.

I agree. The role of civil servants as advisers on policy and managers of public service is vital to the nation. As we approach the twenty-first century, we need a civil service which is properly equipped:

- to offer advice to ministers on an informed non-partisan basis;
- to manage the government's business and the delivery of services; and
- to operate in an open, accountable, constitutional way.

I believe strongly in the principle of a non-political career civil service, available to service with efficiency and commitment the government whom the people have chosen to elect. It was my experience as a minister that the civil service at all levels lived up to that ideal.

But that of course was some years ago and there is in our system of government very little contact between Parliament (especially those on the Opposition Benches) and the civil service, and I do not have first-hand experience of how matters now stand. After one political party has been in power for some years and particularly with a dominant and long-serving Prime Minister like Mrs Thatcher, there have inevitably been fears that the civil service is becoming politicized. Hugo Young, for example, described the senior civil service as being 'a thoroughly Thatcherised satrapy'.

Even without an insider's knowledge, anyone who observed the Westland affair closely, as I had occasion to do, would have noticed the tendency for ministers in a Conservative government, not only to behave in a curious way towards each

other, but to seek to involve civil servants in inappropriate activities. I have little doubt that it is also the case, as an RIPA report observed, that Mrs Thatcher pursued an 'active' personnel policy. But despite these happenings, I am reluctant to believe that the principle of a non-political civil service has been lost. Like my colleagues, I welcome the assurance given by the Head of the Home Civil Service, Sir Robin Butler, to the Treasury Select Committee, that he attached the greatest importance to the concept of a politically neutral civil service. That is what an incoming Labour government would expect from our civil service and, in turn, it is a principle which the government would strongly uphold.

The principle of a non-politically partisan civil service must of course be upheld both by politicians and civil servants and the system of government should help by reinforcing the principle. I believe it is helpful in permitting the civil servants to be non-partisan for the minister to have explicitly recognized political assistance available to him. Special advisers are already widely accepted and some commentators have argued for a move towards a French *cabinet* system. In my own view, the advantages of political assistance would be best achieved by establishing, as both an RIPA working group and the Treasury Select Committee have recommended, Ministerial Policy Units, composed both of special advisers, who are temporary civil servants, and formal career civil servants. The more that the political appointee is recognized as being necessary to provide the political input, the less it will be required of the career civil servant and I see no obstacle to them working successfully together, united as they have to be in terms of loyalty to the minister. Ministers would be able to draw on the work of trusted advisers, who share a political commitment to the success of the policy objectives of the administration, but who have close involvement with the administration of the department.

Ninety-five per cent of the civil service is occupied, not with policy advice, but with the delivery of public services. It is obviously very much in the nation's interests that this delivery is carried out with the greatest efficiency and effectiveness as possible. It should certainly be our priority to ensure that services are run in the interests of consumers and that any injection of public resources results in a commensurate improvement in the services to the customer.

Consideration of finding the best means of delivering the services of government is not new. The Fulton committee was set up by a Labour government in 1966 'to examine the structure, recruitment, and management, including training, of the Home Civil Service, and to make recommendations'. On the structure of government departments, the committee concluded: 'To function effectively, large organisations, including government departments, need a structure in which united and individual members have authority that is clearly defined and responsibilities for which they can be held accountable. There should be recognised methods of assessing their success in achieving specified objectives'. The Ibbs report was to base the case for agencies on much the same argument.

Since 1988 we have seen the establishment of a large number and a wide variety of agencies under the Next Steps programme, ranging from quasi-commercial organizations like the HMSO, to socially sensitive agencies like the Employment Service and the Benefits Agency.

It is perhaps too early to be able to evaluate the success or otherwise of the programme. It is, however, well in train with 50 agencies covering a broad spectrum of government services, from the Queen Elizabeth Conference Centre to the Social Security Benefits Agency, and involving 200,000 employees. I do not think there would be merit in a new government seeking to uproot all the plants in the garden, re-arrange their roots, and then, having planted them again, expect them to grow well.

On my side of the political fence we would have been much happier if the exercise had been conducted in a different way and with different purposes. In our opinion it is vital that the establishment of agencies is not intended as a precursor to the privatization of the service. Suspicion undoubtedly – and not unfairly – exists that the Conservative government cannot be trusted on this matter. Their admiration of private, as opposed to public services, and their dogmatic instinct to privatize, make them unsuitable guardians of the public services. Moreover, a Labour government will make it crystal clear from the start that privatization of public services through the means of agencies is not a purpose of the government. We will examine the workings of agencies to see if they fulfil a useful role in providing a better public service: that will be the only criterion.

It would also have been better if consultation with the civil service staff and their trade unions had been more thorough and more genuine. There has developed a speed about the agency process which is frankly inconsistent with the genuine consultation which we believe to be essential. It is better to build carefully and to build well, founding any new structure on a sympathetic view of the purpose of the activity and on close co-operation with those who will work within it. In his Redcliffe-Maud Memorial Lecture last October, Robin Butler paid tribute to what he called 'the very constructive attitude to change' of the leaders of the civil service trade unions. There is, in my opinion, no doubt that a government committed to improve our public services will be able to establish an effective working relationship with those who work in our civil service and those who represent them, so that we provide even better services for the public.

I mentioned earlier the need to distinguish between the achieving of value for money and techniques of simply saving money. That is highly relevant in the case of agencies, particularly those in the social field, which have few analogues in the private sector. To achieve quality of service, agencies must be set meaningful output targets, which are made part of their framework agreement, or whatever else is their instructing mechanism. The effectiveness of an agency's work should be measured, not only by how much it costs and how much staff it employs, but also by how well it delivers the service and the extent to which it meets the needs of the consumers.

The new Benefits Agency is a very good example of an area where the whole purpose of the service conflicts with the goal of cutting costs. I hope it will not be seen as efficient to encourage fewer customers and thereby save money. Part of our social problem is the low take-up of many badly constructed welfare benefits: it ought surely to be a purpose of the agency, in practice as well as theory, to ensure the highest possible levels of take-up.

I recognize of course that no system of delivery can achieve the impossible. For example, it is in my opinion beyond the wit of man to administer a folly like the Social Fund. The National Audit Office recently pointed out that one-third of its resources were consumed by its administration. That is a grotesque waste of money destined for the poorest people in our society. But the fault is in the design and conditions of the Fund and with the government responsible for its creation rather than a responsibility of those whose unenviable task it is to administer it.

At this point, it is worth noticing that the framework agreement controlling an agency can be altered by government and one option for a government, which has different aims and values, is to change the agreement in line with its purposes. It is also important that the distinction between policy formulation and implementation is not taken so far that we lose the valuable contribution which can be made to policy improvement by those who face the realities of the policies being put into practice and who are uniquely placed to offer advice based on practical experience.

Parliament, I have no doubt, will continue to insist that agencies must be democratically accountable. It would be wrong if the use of agencies put the scrutiny of decisions beyond the reach of Parliament. But I think that Parliament itself needs to reconsider the means of making government accountable. There is a great deal of myth in the notion that ministers are effectively made accountable to the House of Commons by their periodic appearances at the Despatch Box. In this respect, the scrutiny of agencies is but an aspect of a wider problem for which I myself do not believe Parliament has yet found the solution.

A Labour government will introduce a Freedom of Information Act within its first parliamentary session which will establish a general right of access to official information held by national, regional and local governments, and by public and statutory bodies. This will be a major step towards a more open and democratic system of government. It will inevitably make all parts of government more accountable to the people. Freedom of information is a public good. So, I believe, is freedom of association. A Labour government will restore the rights of those who work in our civil service to be members of a trade union: a principle so shamefully disregarded in the case of employees at GCHQ.

Increasingly I believe that the antipathy to the public sector, which was so fashionable in the 1980s, is giving way to a deeper appreciation of the indispensable value of our public services to our society. Where they have been neglected – as regrettably so many have been – the consequences for the quality of life are all too apparent. What is more, there is a growing appreciation of the essential contribution by the public sector to the creation of wealth. It is now much better understood that the creation of wealth is not just the responsibility of a privileged minority in the private sector who are thereby entitled to lavish reward. On the contrary, it is the business and the achievement of the whole community. Whether people work in industry or in public services, or in hospitals or in schools, even if their output cannot always be measured in terms of profit and loss, their efforts add to the wealth and well-being of the nation.

It would be wise for a government in the 1990s to build upon that growing

public appreciation of the vital role of public services in the enhancement of our economic capabilities and the improvement of the quality of our lives. We can, if we wish, build a new partnership between a strong and self-confident public sector and a thriving private sector, in which their interdependence is fully understood and valued. In my opinion, that is the essential keystone of good government.

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THE ENABLING AUTHORITY

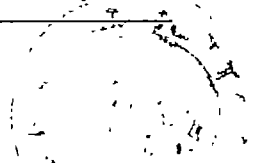
RODNEY BROOKE

The concept of the enabling authority is a broad church. Local government philosophers attempt to define what is essentially a non-doctrinal concept. Nicholas Ridley in *The Local Right* says 'the task of local authorities is to stimulate and assist other agencies to play their part'. At the other end of the spectrum, local government supporters interpret the concept as akin to a power of general competence (Brooke 1989). They certainly do not believe that it excludes direct provision where this is the most effective means of delivery of a service. There is nothing in the idea of the enabling authority to preclude direct provision. Indeed local authorities will continue to be direct providers of many local services in the foreseeable future.

But the idea does imply that local authorities have a role which is not confined to the direct provision of an arbitrarily selected bunch of services. The local authority functions as a unit of community government and considers the needs of its area, in which its own directly delivered services play a part. There is nothing sacrosanct about the actual powers of local authorities. English councils have powers differing substantially from those of their Scottish counterparts. Overseas local authorities have even more diverse responsibilities.

Paradoxically the enthusiasm for the enabling authority concept stems from the diminution and restriction in local authority powers as well as the determination of elected members to protect the interests of their areas in the face of transcendental problems like unemployment. The assumption of the role by the local authority is prompted by the increasing fragmentation of the provision of services at local levels and the growth of arm's length agencies. The complexity of agencies dealing with urban problems is comprehensible only to the local government specialist. Other agencies like training and enterprise councils and housing action trusts have sprung up. The inter-working of the local authority with the health authority is assuming ever greater importance. Initial resentment by local authorities at the creation of these new organizations has been replaced by a pragmatic search for common ground in order that new sources of resources can be tapped. The

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suspicion aroused at the creation of TECs has been supplanted by the realization that, properly articulated, these bodies can represent an avenue of partnership between local government and the business community. New systems of joint working are constantly being developed.

As well as the creation of *ad hoc* agencies by central government, local authorities also face the consequences of the government's commitment to 'consumer choice'. This creates possibilities like schools opting out of local authority control, hospitals opting out of district health authority management and council housing tenants having the right to choose alternative landlords. The compulsory competitive tendering régime has also forced authorities to adopt a stance of competition. The 'competitive council' is as potent a concept as the enabling authority. Councils no longer can expect an automatic right to monopolistic service provision. They must run a direct service organization which is capable of securing tenders in competition with the private sector. They must offer a central service to schools which will prompt them to remain in local authority hands. The service they provide to their housing tenants must be good enough to stop the latter voting with their feet.

Interestingly health authorities are behaving in a very different way in the setting up of national health service trusts. There is no element of competition to keep such units within the health authorities' direct control. Health service managers are at the forefront of developing bids for national health service trust status.

The change in the role of local authorities stems not only from the transfer of local authority powers to new *ad hoc* agencies and the imposition of the principle of consumer choice. Central government has also committed itself to the arm's length principle, the separation of the purchaser and the provider roles. In central government the Next Steps agencies remove the management of services from direct civil service control. Unit management in the health service is put at arm's length from the district health authority, even in the areas where national health service trusts are not created. In the local government field the last few years have seen the creation of separate trading enterprises for airports, transport, direct service organizations and, shortly, waste disposal operations. The proposals for care in the community will again get as near as possible to the purchaser/provider split. The separation of the operational role of the Chief Constable from the overall responsibility of the policy authority is a long-standing example of such a divide.

Allied to the principle of the purchaser/provider split is that of the independent regulator: those who provide cannot regulate themselves, the government insist. Even if pains are taken to secure impartiality, private sector competitors like waste disposal operators will believe that there is discrimination against them by a local authority which runs a direct waste disposal operation. Commitment to the principle has been accelerated by the government's privatization programme which has compelled the establishment of independent regulators of the new private utility companies. Discovered in that context the principle is now being applied elsewhere.

One interesting development of the arm's length principle is the investing of statutory powers in local authority officers. They become the in-house regulator with a duty separate from that which they owe to their employing authority. The

monitoring officer must formally report should he detect impropriety. The head of the paid service must report on management arrangements and in theory can compel the authority to make adequate staff provision (though by what means is unclear). The finance officer has a statutory duty to report on financial issues, a duty which has already been exercised on a number of occasions. The effect of the imposition of these duties is to put officers in relation to those matters at arm's length to their authority. In relation to those matters, the officer is not implementing decisions of the authority and it is not impossible to envisage a scenario in which a council will require independent advice on the statutory advice furnished by these officers.

The total effect of these changes has been increasingly to divorce politicians from service delivery. This idea has been canvassed for some time and was epitomized by the split between the passenger transport authority and the passenger transport executive (PTE), with the latter having operational responsibility and the former policy control, but a duty to fund the policies it approved. Ironically this split was rejected by the Widdicombe committee (1986) as being incompatible with the British tradition. Despite that rejection and its acceptance by central government the division has continued. Widdicombe, in fairness, was contemplating a homogeneous executive, either elected (as in the original Maud committee 1967 report proposals) or managerial (like the PTE), not the series of *ad hoc* agencies which are now resulting.

But central government is not alone in moving in the direction of arm's length agencies or indirect provision. Nearly half the local authorities in the country use separately created companies to deliver services on their behalf, mostly in the economic development field. Management by tenants' committees is growing. Local authorities are delegating decisions on the running of leisure centres to user committees. Over the last decade the use by local authorities of the voluntary sector for delivery of services has mushroomed. In many cases the services provided are regulated by formal or semi-formal contract. Local authorities are requiring a specific output from their grants. This trend will be accelerated as voluntary agencies are increasingly used for the delivery of community care.

In recognizing that they cannot achieve strategic objectives alone, local authorities have entered into partnerships with the private sector and other agencies. Joint consultative committees imposed on local government, like those with the health service, have rarely been conspicuous successes. But those sought by local authorities themselves, where partners share the same general objective, have quite often made a significant impact.

In internal management too, local authorities are moving towards a semi-contractual relationship, not only in compulsory areas like competitive tendering. They are setting up property trading accounts which specify the relationship between a property management department and the user department, with the latter being charged market rents – or even opportunity cost rents – to emphasize the need for the efficient use of resources. Management information systems are increasingly concentrating on outputs and not inputs, so that management units have defined targets. Officers are assigned key tasks with specific objectives and

are subject to appraisal. Managements are increasingly held accountable for results. Over one hundred local authorities have introduced performance-related pay for their senior staff.

Direct service organizations trying to compete successfully with the private sector are rebelling against the arbitrary imposition of central overheads. The costs of services like information technology, accountancy and law are beginning to be apportioned according to actual usage, sometimes on a strict timing system. With the support of their councils, direct service organizations are seeking service level agreements which define contractually the services they are entitled to expect from support departments in return for their cash. Service departments are being given the right to choose their support supplier. The central departments are having to compete to retain their customer base in the same way as direct service organizations.

From my own observation, local government officers seem to have taken to this culture surprisingly well. They are full of praise for the advantages that the discipline of contracting imposes on the organization. Their enthusiasm is provisionally shared by health service officials. The contracting process gives a new certainty in management and a way of enabling managers to secure defined outputs from those who deliver services. In the health service it is also expected to provide a way of prioritizing budgetary decisions by clinicians.

Given this enthusiasm the future for the contracting process in local government seems relatively robust. This is not to say that the conventional wisdom of today could not be displaced on the agenda by the concerns of a future government. It should, though, be remembered that in 1978 a Labour government pronounced that direct service organizations should function as trading organizations.

Development of these ideas has had some unexpected results. Schools are as likely to wish to escape from the control of Conservative councils as they are from the control of Labour councils. Rationalization to cope with falling school rolls encourages schools to opt out and seek grant maintained status. Housing tenants seem more likely to choose an alternative landlord to a Conservative council than a Labour. So far tenants have not been overenthusiastic about the possibility of housing action trusts, despite the blandishments offered.

One totally unexpected result is the way in which local authority budgets are becoming increasingly committed in advance. The education format requires education authorities to assign budgets to schools in advance of the financial year. With education amounting to two-thirds of the expenditure of county authorities and half that of metropolitan and London boroughs, this represents a sizeable commitment, the spending of which is outside the control of the local education authority. Moreover as local authorities increasingly tie themselves to contractual arrangements for years ahead, their scope for last-minute cuts diminishes sharply.

This problem surfaces particularly acutely in the context of community charge capping, where the available discretion of the capped authority is progressively being reduced. The commitments also serve to inhibit the ability of any new political administration to make immediate changes to spending patterns. They may have to wait until contracts expire. One of the odd features of local government is that

budgets precede elections and do not follow them as would be more logical. An incoming administration is stuck with its predecessor's budget. This can prevent a new controlling group from implementing its manifesto in its first year of administration and leads to accusations of deliberate under-budgeting by an administration expecting to lose power.

These changes in internal management are having a major effect on the operations of local authority politicians and managers. As local authorities lift their eyes from direct service provision, they are increasingly focused on the needs of their communities. Over the last decade this wider vision has already been created in diverse fields like economic development, services for the jobless, equal opportunities, race relations, drugs abuse and crime prevention. Local authorities have always reacted and will always react to specific local problems if they are of sufficient concern, like protection of the Welsh language, the closure of a local hospital or post office. Authorities like Kent take an immediately pro-active stance on an issue like the high-speed rail link to the Channel Tunnel in order to protect their local residents from environmental damage.

However, these concerns have been relatively exceptional. The true enabling authority will take a synoptic view of the community and its needs. It will assess those needs, plan a strategy, devise action and monitor continuously the movement towards the achievement of its community targets. The authority will relate to a wide variety of agencies in trying to achieve results in areas important to the community whether these are job creation, health, the pollution of water courses or the destruction of the countryside. Its role will not be confined simply to advocacy. A local authority has many mechanisms through which it can influence other agencies whether private or public. These include money, land, expertise, public relations, staff, purchasing, litigation and, if necessary, prosecution.

Most importantly the local authority is a natural leader of the community. It is to the council that residents look to safeguard their quality of life and protect their interests. As well as being a community leader, the council can also be the natural broker and co-ordinator. It provides a focus for partnership. The ability of local authorities to mobilize public opinion in their areas should not be underestimated.

In this new role councils will be able to assume a mantle as guardian of their residents. Who else is able to take an holistic view of, for example, the local environment? Who else can bring to account currently unaccountable bodies? Residents do believe that their local council has a general protective role and look to it for action. They may well value the activities of the local authority on their behalf in this field more highly than they do the direct service provision which they take for granted (provided, of course, it meets the standards they expect).

This putative alliance between a local community and its local authority will only exist if the authority itself is committed to being responsive to its residents. The government's commitment to a market democracy is paralleled by an increasing local authority commitment to participatory democracy. In choosing consumer choice as a touchstone in preference to the ballot box, the government may have underestimated the present responsiveness of representative democracy. But the

government is certainly right in assuming that residents have moved away from the era of mass production, when the only Ford available was black. We are now living in a much more diverse society with an increased demand for differentiation of services.

Local authorities will increasingly tailor services to consumer needs and will not insist on uniformity of service throughout their area. Present local authorities embrace a multiplicity of communities which have very different aspirations and standards. Local authorities have already made big inroads in making their services consumer-friendly, by introducing one-stop services, courtesy codes, multi-purpose inspectorates and residents' discount cards. But local authorities must go beyond this by creating bureaucrats who are as sensitive to the needs of consumers as retailers. Umberto Eco, in his role as Professor of Semiotics, identified the startling image of the sky-scraper with a central atrium open to the public with welcoming reception staff, topped by the sky-scraper crammed with officials whose lift system enabled them to enter and leave the building without crossing the central atrium. He identified this as a symbol of the organization which purports to be open and friendly while in fact functioning in secret. All the friendly smiles in the world will not overcome the failure of the local authority to tailor its activities to the needs of its residents. The concept implies an enhanced role for councillors as the monitors of the quality of services provided, ensuring flexibility and procuring the council's intervention in areas of serious local concern.

The method of delivery of services is vital and is rightly the concern of councillors who see it as an important aspect of policy. The authority wishing to compete with its own services will have to be not only efficient and cost effective but also flexible to consumer needs. The government has embraced competition as a byword. Indeed if external markets cannot be introduced then internal trading, as in the national health service, is the next best substitute. The demands of competition and community government run in parallel. Both the competitive council and the enabling authority will urge courtesy and responsiveness on their workforce, just as French ski resorts have reacted to transatlantic competition by replacing scowling peasants at the bottom of ski-lifts with young people who wish you 'bonne journée'.

One powerful but neglected weapon in the armoury of the local authority is information technology and the potential of its existing data base. IT can be used to provide an attractive and competitive service and, moreover, one which can be differentiated according to need. The integration of databases to provide a picture of a constituency is a short step away. The councillors who are expected to be representative of their ward will begin to have an accurate picture of its problems and an image of its needs. Their potential as constituency members will be greatly increased. Information technology linked to cable television can be a powerful weapon in the armoury of the council. It can be used not only for disseminating information but also as an interactive means of accessing local authority services and monitoring progress.

Debate on quality assurance has now reached a high level in the health service which will soon be paralleled in local government. Local authorities will seek quality

in the delivery of their services, partly as a result of specifying quality standards in contracts, but also by spreading a general culture among their workforce. There will be increasing pressure to offer residents a guaranteed level of service – and even cash payments if there should be failure to reach that standard.

These changes are certain to lead to reorganization of both member and officer structures. Traditional local authorities have focused their committees around direct service provision. Committee agendas have been taken up with administrative matters. The bureaucracy needed committees to process decisions which it could implement. Competitive direct service organizations require very much more flexible ways of working and a system of command more akin to a commercial board. Officers may form those boards rather than members. They will be held accountable by contract to deliver the service required.

The old service committees will be replaced by structures which follow the authority's strategy and which do not necessarily relate to the council's own service provision. Councils will wish to assess needs and devise action across present professional boundaries and agencies. Concern for issues like the environment and poverty cut totally across traditional service boundaries and require the local authority to influence the strategy of other agencies as well as its own service departments. Similar cross-professional arrangements will spread to the officer structure, like environmental officers, directors of economic development and appointments like the Greenwich Director of Advice and Benefits Services. Officers will have to respond also, with a growing separation between managerially inclined officers who will run direct service provision, either through companies or direct service organizations; and support departments who will contract with the service-providing departments for services like accountancy, law, architecture and valuation. At the centre will be a core of strategic planners and regulators who will be the strategic planning arm for the authority, identifying needs, scenarios and strategies for members. They will also secure implementation of the plans agreed through a variety of agencies. They will have the job of monitoring achievements against the targets the authorities seek. They will support the policy-making members and chief executive in their role of ensuring that the local authority is a true focus of community government.

The latest British Social Survey shows not only an increased thirst by the public for differentiated services but also a growing perception of the value of collective goods and an increased willingness to join together in protest. The local authority is the only body which can effectively harness these demands. Local authorities are learning to work with and not against pressure groups. The imposition of central solutions is increasingly unacceptable. The climate is right for an enhancement of the role of the local authority in articulating local needs and responding to them. Paradoxically the reduction of local authority powers and the fragmentation of agencies might ultimately increase the standing of the local authority in relation to its local community. The growing concern for collective goods will be difficult to satisfy by existing financial systems but will provide continued pressure for their improvement.

Local authorities are accountable locally to their electorates. In that lies their

great strength. Unlike appointed bodies they must be continuously responsive to public opinion. They are the natural focus of campaigning in response to their residents' wishes.

As councils move from service administrators to organs of community government, local residents will develop an affiliation to their local council, which they will increasingly see as a body representative of their aspirations and fighting to safeguard their interests. The concept of the enabling authority is not an abstract doctrine but a passport for local authorities to enter into a new territory in which will lie the salvation of local government.

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REVIEWS

ADMINISTRATIVE ARGUMENT

Christopher Hood and Michael Jackson

Dartmouth Publishing, 1991. 221pp. £30.00

A few years ago a much respected journalist on the staff of a leading financial and business weekly telephoned in the copy for his column on things governmental. It included a problematic word: 'thought', questioned the transcriber, 'you'll have to spell that; it's not a word we use much nowadays'. Perhaps this is the sort of story that appeals to the gently cynical academic, but this cannot be the only reviewer who laments the domination of administrative theory by doctrine. Hood and Jackson have managed in a most refreshing way to make this understandable at the same time as offering some hope for the vitality of administrative studies.

Dictionaries tend to point out that argument has two facets: quarrelling and reasoning. The authors engage in both. For them, much of what is presented as administrative theory is in fact administrative doctrine ('what-to-do ideas which come somewhere between "policy" and "theory"' p. 199). Despite the attack on these doctrines by Herbert Simon and administrative *science*, they continue to dominate administrative argument. Hood and Jackson's position is that these doctrines should be taken seriously by cataloguing and mapping them as the basis for administrative analysis. Secondly, as well as considering links between administrative *design* and administrative *performance*, such analysis should also explore the links between '*argument* and *acceptance*', i.e. why it is that some doctrines become accepted and others rejected. Thus, the authors in effect call for a reconsideration of administrative argument as a branch of social and political thought in which the exploration of doctrine is as honourable and enlightening an endeavour as the development of empirically derived theory.

After an introductory discussion which includes distinguishing doctrine from theory, the second part presents a classification of 99 administrative doctrines (a total chosen for illustrative purposes only). Readers familiar with Hood's earlier work will recognize the style. There are three primary classes. 'Who-type' doctrines embrace selection, rewards, staff deployment and conditions. 'What-type' relate to organizational scale, uniformity, responsibilities, types of supply, competition, and agencies, and producer-consumer relations. Finally, 'how-type' doctrines specify patterns of authority, leadership, specialization of task, information and communication, use of discretion, and operational controls. Each doctrine is allocated an alphanumeric code which is cited in subsequent references. (This shortens the text but, although these are for convenience condensed into a table, the need to refer to this thereafter makes life difficult for the reader.)

Part Three then considers how these doctrines come to be accepted, noting that 'the impact of an administrative doctrine is a function of its credibility, not necessarily of its truth' (p. 10). Of six acceptance factors, the use of fiction and metaphor comes in for specific attention (ch. 7). This is all the more telling because the authors are fond of using metaphor in their own arguments (e.g. 'family resemblance', p. 178). The Conclusion applies

this approach to one currently accepted set of doctrines (New Public Management) and one long since rejected (late Cameralism). This certainly brings out historical continuities and the character of the administrative arguments presented. The rise of New Public Management may be explained, for example, by the success of econocrats and consultocrats in finding marketable metaphors, however fictional.

The volume is pleasantly engaging. It challenges the reader's rationalist tendency with a call to the intuitive, at the same time as advising against some of the spuriousness that passes for administrative argument. Practitioners, students and least of all politicians may not wish to know, however, that the 'who', 'what' and 'how' arguments of administration are rhetorical, contradictory and recycled. Rather they demand appealing metaphors and simple solutions to the problems of what to choose, when and in what quantity, with what else and who by. Nevertheless, the presentation of administrative doctrines in their mutually contradictory combinations, although not surprising to readers familiar with the works of Fayol, Urwick, Peters and Waterman, and others, reinforces an important prescriptive administrative health warning: the universal truth of administrative analysis is that there are no universal truths of administrative practice. Hood and Jackson imply that administrative analysts can sell this message to their disbelieving publics by adopting more marketable metaphors. Perhaps. Certainly re-establishing the place of administrative argument within social and political thought is the way to begin. Hood and Jackson have contributed significantly to that.

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GOVERNMENT, EVALUATION AND CHANGE

Mary Henkel

Jessica Kingsley, 1991. 254pp. £25.00

This is really two books in one. The first provides a description of the inspectorial work of three agencies – the Audit Commission, the Social Services Inspectorate (SSI) and the Health Advisory Service (HAS) – based on a series of case studies. The result is an informative account of how the three inspectorates worked in the 1980s. The second is a much more ambitious attempt to devise an analytic framework for the findings and to link changes in inspectorial styles to wider developments in government.

The case studies examine specific inspectorial enterprises. In the case of the Audit Commission, the focus is on its review of educational facilities; in the case of the SSI, the focus is on its review of different types of residential care; in the case of the HAS, there is a rather wider perspective, analysing its activities in assessing the quality of care for geriatric and psychiatric patients. In each case, the case studies are based on what is standard Brunel methodology: interviews with participants in the process and an immersion over time in the process of inspection. There is, in addition, a somewhat skimpy case study of how management consultants are used in government.

The results illustrate both the strengths and the weaknesses of the methodology. The intensive nature of the research means that Mary Henkel is able to give a persuasive account of the process observed. But it also means that the researchers have to be highly selective, given the time-consuming nature of their approach. It is therefore difficult to 'place' their findings; to relate the views elicited to specific issues in specific contexts and thus to identify the variables that affect impact.

Instead, Henkel attempts to devise what might be called a typology of evaluation (which throughout she equates, dubiously and over-simply, with inspection). She argues that evaluative approaches can be dichotomized as being either managerial or professional,

positivist or argumentative, qualitative or quantitative, prescriptive or question-asking, though conceding that mixed models are possible. Thus she places the Audit Commission at the managerial end of the spectrum and the HAS at the professional end, with the SSI moving in the 1980s from a professional towards a managerial style: a conclusion also reached in an earlier study (Patricia Day and Rudolf Klein *Inspecting the Inspectorates* Joseph Rowntree Foundation, 1990). This increasing emphasis on a managerial approach, she further argues, reflects the emphasis in the 1980s on the instrumental values of efficiency in the use of resources, greater centralization through the setting of norms and an attempt to make the public sector mimic the market. It is an interesting thesis. However, I suspect that Henkel's sympathy for the professional, qualitative, question-asking style – so similar to the Brunel methodology – leads her to over-simplify some of the issues involved. Does setting norms, and using inspectorates to monitor them, necessarily mean greater centralization? Or perhaps it may be a means of decentralizing responsibility while still maintaining the kind of overall control if parliamentary accountability (a phrase which doesn't appear very often in this study) is to be maintained? Is it not possible that professional self-evaluation may become self-serving in the absence of outside bodies, like the Audit Commission or the SSI, asking questions about what the service providers are actually trying to achieve?

It is a tribute to Mary Henkel's book that it prompts these questions. But she does not really address them. Nor can she within the context of this study of three inspectorates. To tackle the wider issues of evaluation would require a broader canvas and a deeper analysis.

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CHOICES FOR LOCAL GOVERNMENT FOR THE 1990s AND BEYOND

Michael Clarke and John Stewart

Longman, 1991. 77pp. £9.95

1991 sees the 25th anniversary of John Stewart's entry into the world of local government academe. Able, at most, to boast only of co-opted membership of the Doncaster Museums Committee as technical experience in the field, he must have seemed a curious appointment to the Institute of Local Government Studies at the time. Since then his contribution to the theory and management of local authorities has been immense. Generations of local government officers have passed through the Institute and, through his teachings and writings, have been able to articulate a model concept of local democracy. His work has been characterized by a Socratic questioning of whatever conventional wisdom was current, coupled with a passionate commitment to local government. Sadly, like a modern Cassandra, he has seen his warnings ignored by successive governments and the role of local government steadily eroded.

In his unique contribution to the debate, John Stewart has not been totally unaided. He has had long-standing and able coadjutants in George Jones and, as in the present volume, Michael Clarke. This latest joint production is specifically intended as a contribution to the review of local government to which all political parties seem committed. It is intended as a basis against which such reviews can be judged. The book argues that there are key choices to be made, both about the role of local government and the form that it should take in a changing society. The authors set out some of the considerations that should guide the choices, together with their own views.

The authors address the role and function of local authorities. Their justification is not as agencies for the administration of services but as local government constituted as an

expression of local choice and local voice. 'The working of committees subtly turns the attention of the councillors away from their role as representatives of the community into advocates of the services on whose committees they sit,' say Clarke and Stewart.

Changes in society and legislation have changed the machinery of local government greatly. New issues have led to innovation; lack of certainty to experiment; and the purchaser/provider split to vastly different organizational structures and processes.

An interesting chapter compares British local government with its foreign counterparts, showing differences not only in size and structure but also in its constitutional position and the common separation of the council from the political executive. In arguing for local diversity it is postulated that the local authority can have a role in extending individual choice while making local collective choices on behalf of the community. That role must be rooted in citizenship.

In discussing alternative types of authority and management Stewart and Clarke argue for local diversity. In restating the case of local government the authors recognize its importance as a counterpoise to central government.

Above all the book makes abundantly clear that debate about structure, finance and management is sterile unless it is preceded by a debate on the role and functions of local government. Sadly, this basic message seems to be ignored in the present review. Nevertheless this lucid volume will be valued by practitioners. The case it makes for local government will ultimately be accepted. *Magna est veritas et praevalerebit.*

Rodney Brooke

Association of Metropolitan Authorities

HOLLOW PROMISES: RHETORIC AND REALITY IN THE INNER CITY

M. Keith and A. Rogers (eds.)

Mansell, 1991. 264pp. £30.00 (cloth), £19.95 (paper)

It is unusual, to say the least, to find authors quite so contemptuous of the basic concept around which they have organized their work as Messrs Keith and Rogers are of the term 'inner city'. The purpose of their collection is ostensibly to analyse the effects of some recent public policy interventions in the inner cities of Britain and the United States on those areas and their inhabitants; and to offer a set of alternative perspectives on which other forms of action could be based. But in a highly combative introduction, spattered with italics and rather too often disfigured by the use of jargon, the two editors set out to sweep away the whole notion of an inner city.

Beginning with dismissive references to a 'contradictory space' with a 'chameleon-like character', they graduate to an 'imaginary place' (twice), in which people are 'enclosed incoherently, though no less brutally for this incoherence'. This creates a difficulty. How is it possible that a 'concept which appears logically fraudulent' – the inner city – 'has sustained its central position in both popular and academic discussion'? Perhaps this may have something to do with the fact that the term still seems to enable people to identify real places with particular problems: and that to tell them, as Keith and Rogers also do, that linguistically the inner city is merely 'a signifier with no referent and a multiplicity of significations' does not help them much.

Which, to be fair, is part of what the editors are trying to do. Their introduction is followed by a set of short essays exploring various facets of the urban situation (to put it uncontentiously) in Britain and the United States, with a short addendum dealing with France. As with most collections of this type, coverage is variable and patchy: the essays come in a variety of lengths and styles. They have been bundled loosely into three groups, of which much the strongest is the first, dealing with different forms of state intervention.

Both the British essays are about the role played over the past decade by Urban Development Corporations; both are critical of their performance. Bob Colenutt, in his account of London Docklands is full-blooded in his repudiation of the claims made in the past for the successes of the enterprise culture. The effects of recession on the property market after the collapse of the Lawson boom undermine these claims, which were in any case (he argues) fraudulent. It was less a case of private sector initiative, more a matter of public funds, recklessly committed to secure early and visible results. The thin trickle of benefits for locals has been poor compensation for the loss of traditional sources of employment; the transformation of the physical environment is compromised by the failure to provide an adequate transport infrastructure. Jon Dawson and Michael Parkinson are less scathing. They also make the interesting point that Merseyside, with far more limited access to public or private funding than London Docklands, has succeeded in sustaining a more substantial training programme. Sue Buckingham-Hatfield's account of the recent activities of public-private partnerships in Pittsburg provides a useful checklist of benefits that have actually accrued.

The second group of essays deals in more detail with the outcomes for inner city populations, using the notion of 'gentrification' as an organizing principle. Neil Smith's account of social change on the Lower East Side of New York hinges largely on the notion of the city as the new frontier – not precisely a novel notion, but worked through in some style. Liz Bond extends the notion of gentrification to cover the experience of women in the city, arguing that it might 'represent redefinitions of femininity and masculinity' – prompting the thought that gentrification itself might be another candidate for early retirement through loss of meaning.

The third and final group are intended to offer 'alternative ways of conceptualising' the urban crisis. Patrick Bond on Baltimore provides a useful corrective to some of the indiscriminate boosting that city has received in the recent past (not least from visiting British ministers) but himself becomes equally uncritical when advocating 'non-electoral inner city politics' that can challenge finance capital both locally and internationally. Mel Thompson, in an essay which might perhaps have sat more comfortably in the previous section, provides a vivid account based on long interviews of the experience of Afro-Caribbean 'penny capitalists', struggling without any substantive help in either funding or advice to survive in the enclave economy of the ethnic community. Finally, Patrice Le Gale's description of French urban policy reviews the recent revival of French cities and the 'exporting' of urban problems to the periphery. In so doing, he provides a useful corrective to Anglo-Saxon assumptions but not necessarily (despite the editors' cautious endorsement) a better model for action.

In sum, the inner city as a topic continues to evade those who pursue it. Perhaps we should after all adopt Keith and Rogers' proposal and forget about the concept altogether – or if we have to use it, drop a chaste pair of inverted commas around it, rather as the politically correct now do with that other contested term: 'race'.

Nicholas Deakin
University of Birmingham

URBAN PLANNING UNDER THATCHERISM

Andy Thornley
Routledge, 1990. 253pp. £14.99

It was sheer bad luck for Andy Thornley and his publishers that this book was published just at the time of Mrs Thatcher's demise, because its readers all now have the benefit of hindsight. When Thornley observes that 'Of course the future of Thatcherism does not

depend upon having Mrs Thatcher as Prime Minister' (p. 221), we think we know better. The past few months have seen a remarkable turnaround in the government's approach to urban planning. The excesses of Thatcherism (or should it be Youngism or Ridleyism?) have given way to revisionism. Structure plans have not after all been abolished, and the recent parliamentary proceedings on the Planning and Compensation Bill were punctuated by little more than the mewling sounds of sweet accord on all benches; above which the Minister of Planning could be heard to observe of DOE Circular 14/85 (one of the bogeys of this book for its downgrading of the status of development plans in favour of market forces: pp. 139, 145), that 'Those days are well behind us. Today's approach should leave no doubt about the importance of the plan-led approach' (Sir George Young, MP; *Hansard* HC Deb. Vol. 191, col. 503; May 16, 1991).

This alone illustrates the complexity of definition inherent in the title of this book. As Thornley demonstrates, neither Thatcherism nor urban planning can readily be defined. He offers a useful analysis of the emergence of the Thatcherist approach to land policy (although I was aghast to find the finger pointed at the Department of Land Economy at Cambridge as a significant contributor), and identifies three key interlocking elements: economic liberalism, authoritarian decentralism and anti-bureaucratic sentiments. These provide a framework from which to assess the decade's changes in the planning system.

But this is undertaken from a very narrow perspective: 'The approach is to explore in detail all the changes that have been made to the legislation of the planning system. These changes have not been dramatic ones, and there is therefore a need to draw together the implications from a wide range of smaller initiatives' (p. 7). And: 'It is not the intention in this study to explore how far the changes in legislation and procedures have affected the operation of planning on the ground' (p. 6). So it is a deliberately limited study. It sets its boundaries honestly, though fortunately it doesn't always keep within them; but this makes it pretty disappointing stuff for those who seek a wider perspective or fresh insights. This is a long way from being a polemical tract.

The impact of Thatcherism across the wider areas of public policy that directly affect planning, like housing, privatization, land taxation and local government finance, are set to one side. The analysis is too subtle to commit the common error of lawyers of believing that legislation accurately describes the world. But its focus on general legislation, rather than on policy adjustments within it, means that some of the key developments of the decade are overlooked, and supporting material tends to be relied upon selectively and uncritically. For example, although the legislation introducing the enterprise zone experiment is held up as an example of Thatcherism, there is no mention of the Treasury's mounting concern with the open-ended subsidy offered within the zones, nor of the critical Cambridge report in 1987 leading to the government's decision to abandon the experiment, though the study does draw on one of the earlier reports by Roger Tym.

So too with simplified planning zones (SPZs), held out as another example of the establishment of an alternative planning system, which, with their substitution of *a priori* rules for administrative discretion, 'could be seen as a major change in the whole approach to the control of development' (p. 206). But SPZs are in truth a puzzling phenomenon, that seem to have been deliberately designed to be so cumbersome as to ensure that they would never work. The fact that they have had so little practical effect is ignored in favour of their potential ideological significance.

After reading this book I was left with a nagging doubt as to whether Thatcherism, in the context of planning, really was ever a coherent ideology at all. True, it had its adherents amongst the succession of Mrs Thatcher's Environment Secretaries. True, it brought about a series of radical institutional reforms. But it was to prove highly pragmatic on substantive policies, particularly when it ran into the opposition of the green belters and more recently the environmental movement.

Malcolm Grant
University of Cambridge

THE POLITICS AND ECONOMICS OF THE POLL TAX: MRS THATCHER'S DOWNFALL

John Gibson

EMAS, 1990. 287pp. £32.50

Margaret Thatcher described the poll tax (occasionally known as the 'community charge') as her 'flagship' policy. It is now evident that the agony endured by many backbench Conservative MPs over the electoral consequences of the tax was sufficient to convince them to vote against the then Prime Minister when she was challenged for the Tory leadership by Michael Heseltine. The community charge had come to symbolize Mrs Thatcher and her works: the admiral went down with her flagship.

By including the words 'Mrs Thatcher's Downfall' in the title of his book on the poll tax, John Gibson draws attention to the way in which the former Prime Minister was destroyed by the 1990 reform of local government finance. Few would disagree with this analysis. What remains to be explained is why a politician who had hitherto shown such brilliant populist sensitivity should destroy herself with a tax reform which inflicted terrible damage on millions of people who had been in the front line of the Thatcher Revolution.

The book, in reality, is a collection of essays – some of which had been published previously – with poll tax as its common theme. There are chapters on local financial accountability, the government's justifications for change, the redistribution of tax burdens, poll tax in Japan, implementation of reform and the future. Other sections compare poll tax with Mrs Thatcher's (politically successful) privatization policy and examine the accountability of the rating system. Some of the chapters fit better than others into the story about the creation, operation and destruction of the community charge.

There is a mass of political, statistical and economic information contained in this book. Political scientists wishing to pick their way through the parliamentary debates, White and Green Papers, research findings and data which accompanied the introduction of community charge between 1986 and 1990 will find much to carry them through some stages of the unfolding drama.

One of the most interesting questions still to be answered is only hinted at by John Gibson, no doubt on grounds of modesty. Chapter 6 of the book includes a piece of research he undertook in 1987 which was the first widely available study of the impact of the move to poll tax on people living in real households in actual local authorities. Unlike the user-friendly nonsense in the government's original community charge Green Paper, Gibson's research showed potential massive losses for what were obviously politically marginal households. If such a thing was to happen in Durham, surely Central Office could infer that something similar would also happen in, for example, Ribbles Valley.

The author remarks that 'The contents of the following study [sic] completed for Durham County must have been familiar to Ministers and I think they were very foolish to ignore these findings and continue upon their chosen route of introducing a poll tax'. Later, he reports a conference held by the Association of District Councils at which the research findings were made available to Environment Minister Michael Howard and his officials.

Why the government went on with the community charge in the face of evidence such as the Durham study is hard to fathom. During 1988, 1989 and early 1990 a number of studies became available showing that the community charge would heap extra local tax burdens on millions of marginal Conservative voters. Either the government failed to understand what most research and many commentators were saying, or they *did* understand it and believed that they could, as the saying went, 'tough it out'. A third possibility is that ministers came to understand the electoral damage ahead, but were afraid to put the case strongly enough to a Prime Minister at the helm of her 'flagship'.

There is more to be written about the poll tax debacle. The story will reveal much about the power of the Prime Minister, Cabinet government, the relationship between civil

servants (who certainly understood the distributive effects of community charge) and ministers, and about the British constitutional arrangements. John Gibson's book is an early piece of the jigsaw.

Tony Travers
London School of Economics

DEVELOPMENTS IN FRENCH POLITICS

Peter A. Hall, Jack Hayward and Howard Machin (eds.)
Macmillan, 1990. 315pp. £35.00 (cloth), £9.99 (paper)

Books with titles like this often turn out as collections of essays, even conference papers, which should have been published individually as journal articles. That is not the case here. The 16 contributions by 13 largely familiar names add up to a proper book; even the diversity of approaches noted in the Introduction does not contradict this.

The four parts (Political Systems, Governmental System, Public Policies, Current Controversies) give readers a comprehensive update. Much here will be useful not just for students of French government but, for example, for civil servants dealing with France. They need not have much knowledge of French affairs to read the book, as the Introduction says in opening, though its addition of 'and enjoy' seems less likely. Academics who write about France do seem to live for their subject; other readers are likely to have utilitarian motives.

But that does bring one to a criticism. Perhaps some of the authors are too wrapped up in their subject. There are virtually no comparative pointers in the book, either to similarities or to differences in the UK. True, there will be readers in America and elsewhere, but all could have benefited from some comparisons. Moreover, when contributors describe what are presented as major changes in the French system, the reader will find it hard to judge how significant the changes really are without some comparative yardstick. What may appear dramatic to observers within a system may appear rather less so to those outside.

The Introduction refers to a Europerization of France – not just integration in the EC but that French government and politics are increasingly 'normal', meaning resembling those of neighbours Britain and Germany. I wonder whether authors who normally write about British administration, if asked to produce chapters on developments in France, would see it quite like that, or whether they would draw attention to deeprooted and continuing differences in law, culture and institutions. British academics produce some of the best books on French government and politics, better than most French, but it is a pity that studying France seems to have become almost a full-time occupation so that they sometimes seem unaware of the British comparisons. That said, the wealth of information here makes this a very useful book; one hopes that further volumes will appear at regular intervals as, indeed, the title implies.

F. F. Ridley
University of Liverpool

GOVERNING FROM THE CENTRE: POLITICS AND POLICY MAKING IN THE NETHERLANDS

Ken Gladdish

C. Hurst and Co., 1991. 192pp. £22.50

In a period when centrally governed systems appear to be breaking down or decentralizing, this book is intriguingly titled. Gladdish begins with a highly detailed and informative historical account of the development of the Dutch political system since the late middle ages. The account reflects wide knowledge and a good command of facts. Next, the author describes the shaping of the Dutch state, the development of parliamentary politics until the Second World War, the post-war reconstruction and the developments of competitive politics until the late 1980s. The six chapters which constitute the second part of the book, deal with topics such as the party system and party organization, representation, parliament, the executive, public policy making and Dutch foreign policy.

The chapters are generally more descriptive than analytical. Although some perceptive observations appear, I think the author does too little with the descriptive information he masters. Within his own modest framework, a good account of the thus far somewhat successful merger and transformation of the former confessional parties into a rather effective centre political party which makes the Social-Democratic Party (PvdA), if not the Christian Democratic Party, look outdated. The author also seems not to appreciate the principle that in the Dutch parliamentary system, the joint operation of parliament *and* government legislates and not the parliament (First and Second Chambers). This leads to slight problems of interpretation with the Westminster model. I am also disappointed that, again, a political scientist has not really demonstrated the added value of continued use of the corporatism concept for the Dutch approach to governance. The greatest disappointment, however, is that this book on policy making hardly, if at all, deals with the sector receiving two-thirds of government money: the social welfare system and local government. As a consequence, the book is not on governing *from* but at the most, *in* or *at* the centre. It thus reflects the peculiar habit of many Dutch historians and political scientists of separating politics from administration and concentrating on an autistic political system which rapidly seems to be losing its contacts with the rest of society. This contact would be a necessary condition for *governing* from the centre.

Th. A. J. Toonen
University of Leiden

PARLIAMENT AND INDUSTRY

David Judge

Dartmouth, 1990. 280pp. £30.00

THE POLITICS OF AGRICULTURAL SUPPORT IN BRITAIN

Martin J. Smith

Dartmouth, 1990. 253pp. £29.50

BUSINESS AND POLITICS: A COMPARATIVE INTRODUCTION (2nd ed.)

Graham K. Wilson

Macmillan, 1991. 224pp. £30.00 (cloth), £8.99 (paper)

These three books are concerned with the relationship between government and business. Judge studies the often neglected relationship between Parliament and industry; Smith

challenges the conventional wisdom about the relationship between agriculture and government; while Wilson provides a comparative global overview of business-government relations.

Matching the current fashion for 'bringing the state back in', Judge seeks to 'bring Parliament back in' to discussions of the relationship between business and government in Britain. Judge is well aware of the realities of Britain's executive-centred political system, and does not dispute the 'marginal involvement of the legislature in the detailed process of policy formation and implementation' (p. 77). Much of the activity undertaken by consultants and their clients in relation to party committees and all-party groups is really directed at the executive.

One of the problems with this book is that, as the author admits in the preface, the book is 'in two halves'. There is a sophisticated and persuasive overview of debates about the nature and form of the British state. This provides a broader context than is often offered by students of Parliament. However, it does not connect very well with the (often too) detailed empirical analysis of MPs' experience, the work of the House of Commons Trade and Industry committee, the role of political consultants etc., provided in the second part of the book. There is also a surprising lack of attention to the impact of the political development of the European Community on the relationship between business and Parliament.

Judge is perhaps best at showing that some of the traditional criticisms of Parliament's relationship with industry are misplaced, and that the form and extent of prior business experience among MPs is greater and more varied than is sometimes assumed, although heavily skewed towards the service sector of the economy. New sectors such as information technology have achieved relatively rapid 'representation' in the Commons. He shows that information is the commodity traded in the Commons, with consultants increasingly acting as 'market makers' (p. 199). This book will be extensively consulted both for the information and analysis it contains, although it does not come to any really clear conclusions about the problems it considers.

Martin Smith sets out to challenge the conventional pluralist view which explains the high level of agricultural subsidies in terms of the lobbying strength of the NFU. He argues (p. 7):

To fully understand Britain's agricultural policy it is necessary to look at the policy desired by various governments and how these demands led to the creation of a closed policy community. This community was then able to control the agenda and so prevent the questioning of high agricultural support and state intervention.

Smith thus echoes Judge's observation that 'the concept "policy community" has become the new descriptive orthodoxy of the policy-making process in Britain' (p. 51). Where Smith breaks new ground in the well-tilled field of agricultural policy studies is in his detailed and painstaking analysis of the development of policy from the 1930s onwards, using Public Record Office sources. Government had an ambiguous attitude towards agricultural support in the 1930s. There was a different context for policy making compared with the post-war period. The Dominions' Office had a large say in agricultural politics because Britain wanted to maintain good relations with the Dominions who were at that time trying to exert their independence' (p. 65).

This is an impressive book by one of Britain's most promising young political scientists. However, in challenging the orthodox analysis which stresses the role of pressure groups, Smith may be exaggerating the importance of the influence of the policy choices made by government in the context of a dominant policy agenda which has used subsidies to achieve productionist goals. The extent to which the NFU was well led, served by a staff of high calibre, and able to prevent possible splits between 'corn and horn', large and small farmers, and owner occupiers and tenants, may be of more significance in explaining policy outcomes than Smith is prepared to allow. Smith does reify the analytical device of an agricultural policy community to explain outcomes in agricultural policy: 'It was the

policy community which prevented the questioning of agricultural policy for most of the post-war period' (p. 220).

Smith's analysis takes account of the changes in the agricultural policy agenda since the 1970s, with a greater emphasis on environmental concerns and increased pressure from the US for changes in the CAP. The liberalization of agricultural trade may eventually make the domestic policy community which Smith describes so thoroughly an interesting museum piece. In the meantime, this book is a significant contribution to our understanding of agricultural policy making.

The second edition of Graham Wilson's successful text provides a succinct overview of government-business relations throughout the world. There are country chapters on Britain, France, Germany, Italy and Japan, as well as the smaller European countries which are labelled the 'neocorporatist nations'. As the European Community acquires statelike properties, and as direct membership business associations begin to form in sectors such as motor vehicles and petrochemicals at the EC level, one might have thought these developments merited a chapter of their own rather than a section in the introduction. However, this book achieves what it sets out to do, providing a concise and well-informed global survey of government-business relations. The most important general lessons that emerge are of the continuing variety of government-business relations from one country to another, and the difficulty of exporting models such as that of Japan to countries with very different administrative traditions and structures. Single country studies such as those undertaken by Judge and Smith are therefore still of value.

Wyn Grant
University of Warwick

LEGISLATURES IN THE POLICY PROCESS: THE DILEMMAS OF ECONOMIC POLICY

David Olson and Michael Mezey (eds.)
Cambridge University Press, 1991. 221pp. £27.50

This volume adds to the still relatively sparse literature that seeks to further our knowledge of legislatures as a particular species of institution. Both editors are established scholars in the field. They open with 16 hypotheses about legislatures; the intention is to explore these hypotheses through case studies.

What follows are case studies that are few in number and diverse in scope. The chapters are diverse sectorally: though grouped under the rubric of 'economic policy', they encompass the electronics industry, industrial policy, labour law, 'informatics' policy, credit and monetary policy. They are also diverse in their geographical coverage: Brazil, India, the USA, the UK, Poland, France and Germany. This would not matter unduly if the chapters covered the same sector and adopted a similar approach. Approaches differ, as does the quality. There are some solid, well-researched chapters that draw out the relationship between the legislature and the policy process (those on Poland, Brazil, the UK and – of the three on the US – that dealing with industrial policy pass muster). The others disappoint, either because they are overly descriptive, too brief or tell one about a particular policy sector but not much about the legislature. The volume also suffers from being dated. The chapters were originally presented as papers at the IPSA World Congress in 1985. In some cases, the dating shows. The problems are most apparent in the chapter by LeLoup and Woolley which focuses on legislative oversight of monetary policy in the USA, the UK, France and Germany: there is no reference to any source after 1983 and the coverage of each country is sparse. The UK is covered in seven pages, the authors relying on an analysis of parliamentary questions and the Treasury Select Committee in the first two

years of existence. The French National Assembly gets less than five pages and the Bundestag less than four.

Mezey, in the conclusion, draws together the findings to demonstrate that they largely support the hypotheses. The findings have a modest utility, not really breaking any new ground. As with many such volumes which have their origins in conference papers, a curate's egg of a book.

Philip Norton
University of Hull

SOCIAL SCIENCES AND MODERN STATES: NATIONAL EXPERIENCES AND THEORETICAL CROSSROADS

Peter Wagner, Carol Hirschon Weiss, Bjorn Wittrock and Hellmut Wollman (eds.)
Cambridge University Press, 1991. 374pp. £35.00

Nobody can seriously believe that researchers just provide facts to help policy makers make choices. Such a simple proposition begs the meaning of 'facts', the nature of 'choices' and the identity of 'policy makers'. But for anyone keeping faith in better informed public policy there have been few other propositions around. Now this collection of papers offers something new.

The first part is given over to papers on different national experiences in the relationship between social science and public policy in the last few decades, not just in the familiar terrain of the UK and the USA but also in Holland, Switzerland, Poland, Japan and Brazil. Some provide a good read – Cyril Smith on the impact of Keynes, Titmuss and Clegg in the UK, and Markiewicz and Morawski on the 'apologetic' role of social science in communist Poland are all interesting. But for its wider purpose, this is the least helpful part of the collection and the editors conclude rather lamely that cross-national comparisons show that, clearly, history matters and institutions matter.

Far more interesting is the second part in which there are four excellent thematic contributions. Here Rein and Schon argue the importance of frames (of reference) in policy making and explore the processes by which issues become reframed. Majone seeks to transfer to policy development work by Kuhn, Lakatos and Popper on the development of scientific knowledge. Weiss differentiates between research as providing data, ideas and arguments for policy and the circumstances in which one or the other is most likely to succeed. And Wittrock attempts to define eight models of interaction between social knowledge and public policy.

Not all of this is entirely convincing but it undoubtedly sets an agenda for further, fruitful debate. As a text for that debate I commend the editors' concluding call for 'any social science that purports to have relevance for the way human beings lead their lives and form their futures [to] take the agential capacities of human beings into account as well as their societal conditioning and effects.'

William Solesbury
Economic and Social Research Council

PUBLIC ADMINISTRATION IN WORLD PERSPECTIVE

O. P. Dwivedi and Keith M. Henderson (eds.)
Iowa State University Press, 1990. 420pp. Price not known

- This book is yet another reminder that there is probably no branch of the social sciences

that has found it as difficult to practise what it has preached since 1950 as comparative administration. One problem – and it recurs here – is the failure to distinguish clearly enough between normative and positive theorizing, or between what public administration ought to be like, especially in less developed countries, and what public administration ought to be like as a scientific endeavour. Normatively we are told that public administration should be flexible, pragmatic, open, client-oriented, and sympathetic to the weak. Scientifically, comparative administration needs a common framework and basic concepts. In the end this does not amount to very much, and the comparisons that are made are largely of the ‘in Sweden also we have mountains’ type. The main purpose of comparison seems to be to identify useful imports when what is indigenous fails. Henderson identifies the minimum needed for successful ‘internationalization’ as communication, appropriate information technology, research and training. Caiden identifies the basic scientific steps that have to be taken by the comparativist: observation, classification, conceptualization, prediction, theory building and verification. He also provides a research agenda.

Despite a common framework provided by the editors the seven country studies and five regional studies that make up most of the book differ significantly in approach and content. Ayubi recommends a contingency approach to Arab states. Oyugi identifies broad, common trends in East Africa. Olowu describes the major objectives of administrative change in West Africa with a case study of Nigeria. Curnow and Wettenhall ask whether Australia has imitated or innovated in recent administrative reforms. Dwivedi and Phidd focus on relations between politicians and civil servants in Canada. Dunsire treats us to another impressive display of machine-tooled concepts. Each essay is interesting in its own right but does little to advance the cause of scientific comparison. The ‘odd man out’ is a chapter on training which relates to neither theory nor idiography.

The pitfalls that await the unwary comparative administrationist are nicely illustrated by the chapter on the troubled history of comparative administration in the USA. Though this story is far more painful to Americans than other academic communities that did not become so infatuated with the work of the Comparative Administration Group and so did not have to go through the agonizing reappraisal so harrowingly recounted here, it is a highly instructive one for all who seek to theorize about public administration.

Brian Smith
University of Dundee

RESEARCH IN PUBLIC ADMINISTRATION VOLUME 1 1991

James L. Perry (ed.)

JAI Press Inc., Greenwich, Connecticut, 1991. 231pp. £44.50 (cloth)

There is no obvious rationale for this collection of papers. It does not provide state of the art reviews of research in the major areas of Public Administration. It does not try to identify key research trends and explain them to a wider audience. It does not proselytize for a particular approach to the study of Public Administration. It doesn't even have an introduction by the editor explaining the objectives of the book. We live in times when libraries order new journals with only the greatest reluctance. The solution to this problem would seem to be to market the individual issues as books. At £44.50 per issue, there will be few takers. Nor will the contents prove to be an irresistible draw. The chapters by Guy Peters and Brian Hogwood on population ecology models and by Bob Agranoff and Beryl Radin on the comparative case study method are worth reading and should have been published in mainstream journals where they would have been read. As with many a journal, the remaining contents provide examples of arcane theory, proficient recycling, and overly detailed case studies. I do not know why the publishers have produced

this book. I do know that no reader of *Public Administration* will buy it either for themselves or their library. You might consider getting a copy of the better articles through inter-library loan.

R. A. W. Rhodes
University of York

FROM PROHIBITION TO REGULATION: BOOKMAKING, ANTI-GAMBLING AND THE LAW

David Dixon

Clarendon Press, 1991. 408pp. £40.00

This admirable contribution to the literature (in this country) on the under-researched subject of gambling traces the changes in public and governmental attitudes to gambling since the Betting Act of 1853.

The Act was mainly intended to control working class gambling. It was largely ignored for twenty years, but even when the police did begin to close down betting in offices and pubs it continued unabated on the streets. Anti-gambling grew in response. Some opponents saw gambling as liable to sap workers' energies, others as a moral disease, wrong not only in its effects, but inherently. There was, too, some fear that it might inflame working class political aspirations, and encourage the forces set loose by the extension of the franchise in 1867. At the same time it was criticized by labour leaders as a political soporific.

The National Anti-Gambling League (NAGL) (a body by which Dixon is obviously fascinated and to which he in my view devotes rather too much space) began a campaign in the 1880s against betting with on-course bookmakers as an example of the conspicuous waste practised by the upper class. The League believed that the working class could only be reformed once upper class habits had been changed, and it is ironic that King Edward VII's popular standing was so greatly improved by his victories in the Derby. Having lost that battle the NAGL shifted its focus to campaigning for legislation against street betting, thereby contributing to its criminalization by the Street Betting Act 1906.

Although Dixon habitually refers to anti-gambling legislation as class discriminatory, he does recognize that this was not the only impetus behind the Act. A crucial figure was Seeborn Rowntree, who saw that poverty was socially generated, rather than the sign of an individual moral fault. For him the answer lay not only in legal prohibition, but also in social reform. Meanwhile the Home Office favoured prohibition and the police were confident of their ability to enforce it. In this they were mistaken and, after the War, regulation, instead of prohibition, got onto the agenda.

Eventually betting shops were legalized in 1960, despite the book-makers' opposition. They were unenticing places, in order not to encourage the populace in what the Home Office considered an unfortunate habit. (Perhaps the officials did not know that book-makers' runners operated both in the Home Office and in the House of Commons!) In 1984 some restrictions were removed, an indication, Dixon says, of liberal paternalism giving way to the neo-conservative philosophy of the market (though he perhaps exaggerates the extent to which Home Office orthodoxy was defeated).

This excellent work is rather overburdened with the apparatus of scholarship, and is too long for the non-academic reader to be able to give it the time it needs. But it is a landmark book. Is it too much to hope that the publishers may invite Dixon to prepare a much shorter version, which might have some influence on policy?

Christopher R. Hill
• *University of York*

THE ANGLO-AMERICAN LEXICON OF THE SOCIAL SCIENCES

L. J. Sharpe

Oxford: Trullex, 1990. 146pp. £10.00 (paper)

Humour is personal. What is funny to one person will raise scarcely a snigger in another. You are warned; this book is funny. There are, of course, several compilations of political jokes but they concentrate on easy prey: real life politicians and the world of politics. Whatever else political science may be, funny it isn't. There are many encyclopaedia of politics and/or the social sciences on the market but they have enough problems with accuracy without attempting humour. The lacuna has now been filled. An 'obscure British academic' has staked his claim to fame on 'an entirely misplaced and maladroitly executed attempt to raise the tone of the social sciences by the publication of a series of rather infantile attacks... on his colleagues and non-colleagues alike'.

The spirit of the enterprise is best captured by reproducing some of its entries. The RIPA does not escape:

RIPA Rest In Peace Always. These initials are the title of a British association devoted to the study of the final expiry of the British state. Some regard such activity as premature and even claim to have detected signs of life in the British body politic, hence their disparaging references to the 'grim RIPA'.

The entries on previous editors are more fun. Thus, under CHESTER we find:

An affectionate nickname for those intrepid British soccer centre forwards of the old school who, if heading or kicking the ball were ruled out, could always be relied upon to get the ball into the net. Perhaps Daniel Norman is the most famous of the breed. He began his career with Chorlton-cum-Hardy Corinthians, but is best remembered as the captain of Nuffield Wanderers (usually known as the Oxon), for a record-breaking twenty-four years.

It seems all too appropriate to cite the entries closest to home. My favourite entries, however, were usually 'arendt' puns (see p. 6). Their flavour is captured by the entry under DONOUGHUE:

A mis-spelt ribald expression among civil servants in the British Cabinet Office. It refers to a presumably mythical figure who seems to have haunted the administrations of both Prime Ministers Wilson and Callaghan. When a gross political error was perpetrated – and there were many – the customary processes of seeking a scapegoat were set in motion. But, no matter how exhaustive the investigation, every civil servant when closely questioned made the same reply: 'Dunno who?'.

You were warned; humour is a personal thing! However, for a mere £10.00 sent to Trullex, Nuffield College, Oxford OX1 1NF, you too can laugh, wince, groan and smile your way through a wet afternoon.

R. A. W. RHODES

University of York

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